

REPORT FOR: **CABINET**

Date of Meeting:	20 June 2013
Subject:	Appointment of Contractors to Deliver Repairs and Maintenance to Corporate Properties and Schools
Key Decision:	Yes
Responsible Officer:	Caroline Bruce, Corporate Director of Environment and Enterprise
Portfolio Holder:	Councillor Thaya Idaikkadar, Leader of the Council and Portfolio Holder for Business Transformation and Communications, Finance, Performance, Customer Services and Corporate Services, Property and Major Contracts
Exempt:	No, except for Appendix 1 which is exempt under paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972 (as amended) in that it contains financial and business information relating to the proposals received from bidders and the Council.
Decision subject to Call-in:	Yes
Enclosures:	Appendix 1 – Exempt Part Two - Analysis of tenders received.

Section 1 – Summary and Recommendations

This report sets out the results of the tender process for the provision of general repair and maintenance services to corporate properties and schools.

Recommendations:

Cabinet is requested to:

- 1) Authorise the Council to enter into a framework agreement commencing on 01/08/2013 for a period of up to four years (subject to performance review at the end of year 3) for the provision of Responsive Repairs and Maintenance works in Lots to Corporate Properties and Schools with the companies listed below:

Lot 1 General Build – 1st D & L Contract Services; 2nd Terry & Stephens; 3rd Mead Building Services

Lot 2 Fencing – 1st D & L Contract Services; 2nd Terry & Stephens

Lot 3 Plumbing – 1st Blackbourne Integrated Services; 2nd Terry and Stephens; 3rd Mead Building Services

Lot 4 Electrical – 1st SCC International; 2nd Blackbourne Integrated Services; 3rd P3 Electrical Services

Lot 5 Drainage and External Works – 1st D & L Contract Services; 2nd P & R Installations Company Limited

Lot 6 Gas and Heating – 1st R & L Paul; 2nd P & R Installations Company Limited

- 2) Delegate authority to the Corporate Director, Environment & Enterprise in consultation with the Director of Legal & Governance Services to agree the final contract details with the contractors and to award call off contracts under the framework agreement throughout the term of the framework agreement

Reason: (For recommendation)

The evaluation of the tenders received has been conducted to arrive at the most economically advantageous bids. The Framework structure is designed to maintain a degree of competitiveness and resilience throughout the 4-year framework period.

Section 2 – Report

Introductory paragraph

In September 2011 cabinet agreed to retender the repairs and maintenance service that was being provided by Kier as an alternative to extending the contract with Kier. The 8 March 2012 cabinet resolution authorised the relevant Corporate Director, in consultation with the relevant Portfolio Holder, to take all necessary steps to enter into an interim responsive repairs contract for corporate works on such terms as s/he shall determine, (and that the corporate works for responsive repairs would be retendered for up to two years pending a full OJEU procurement exercise).

In line with this resolution, the relevant Corporate Director, in consultation with the Portfolio Holder for Property and Major Contracts put in place arrangements effective from July/ August 2012. We have now gone through a procurement exercise to replace them, with longer term arrangements in mind.

Options considered

A Supplier Day was held at the Civic Centre prior to publication of the Framework with incumbent and local contractors invited to attend. The event was well received by Contractors who attended and as such the project team were confident in the approach to be undertaken for the requirement.

Following analysis of interest received at the expression of interest stage the council invited 61 Contractors to bid across all 6 Lots. An in-depth evaluation of all the submissions was conducted and the top 3 or 2 (Lot dependent) scoring bidders have been recommended for appointment to the Framework.

A summary of responses is detailed below:

Lot 1 General Build – 7 Contractors invited, 4 Bids received

Lot 2 Fencing – 6 Contractors invited, 4 Bids received

Lot 3 Plumbing – 8 Contractors invited, 5 Bids received

Lot 4 Electrical – 10 Contractors invited, 6 Bids received

Lot 5 Drainage and External Works – 4 Contractors invited, 2 Bids received

Lot 6 Gas and Heating – 7 Contractors invited, 3 Bids received

The Tender Evaluation Criteria were set as follows

1. QUALITY/ TECHNICAL CAPABILITY 50%

Sub Criteria –

1. Customer Care
2. Working Methods
3. Mobilisation

4. Equalities and Diversity
5. Sustainability
6. Method Statement in response to the specification
7. Clarification

2. PRICE

50%

Schedule of Rates were created and published across all Tender Lots enabling Contractors to bid either above or below rates drafted by the Council. Contractors were then scored based on their proposal of a discount percentage or percentage increase on the Schedule of Rates i.e. the largest percentage discount (or smallest percentage increase) received all available Price points with remaining organisations receiving a proportion of marks based on their proposal to that of the best priced proposal.

Current situation

The March 2012 resolution was to take all necessary steps to enter into an interim responsive repairs contract for corporate works. The Council's contracts with incumbent contractors for Responsive Repair and Maintenance with Mead Building Services, P & R Installation Co Ltd, Blackbourne Integrated M & E, SCC International and D & L are due to expire in July 2013.

The Corporate Director is now looking to enter into further contract arrangements for responsive repairs contract(s) for corporate works and schools.

In compliance with the Council's Standing Orders an Open tendering procedure has been followed and based on the results a recommendation is made to award the contracts to the most economically advantageous tenders submitted.

New contract structure

Prior to the recommendation to Cabinet in September 2011 an analysis was done of the value chain relating to the Kier contract. This revealed potential scope for lower overheads by using smaller contractors. Efforts were made to encourage along with the incumbent suppliers, smaller and particularly more local bidders to compete for the new contracts and the resultant bidders reflected this. Other objectives that were set out in the tender strategy included improved customer satisfaction, greater use of local labour, improving the accuracy of invoicing and use of improved technology in service delivery. The proposed contractors together with an internal restructure and streamlining of procedures meet the objectives set out.

The Council's contracts with incumbent contractors for corporate Responsive Repair and Maintenance are due to expire in July 2013. The new framework agreement will replace these contracts. The same tender strategy was followed with the same objectives in mind and the new framework agreement will continue to meet these objectives.

The recommendation is based on letting the contract as a framework with six separate Lots (General Build, Fencing, Plumbing, Electrical, Drainage and External Works, Gas and Heating). In order to avoid the risk of relying on one contractor alone and to introduce an element of competitiveness tenders were invited on the basis that whilst selecting one contractor within each Lot to provide “Emergency” or “Responsive” repairs/maintenance, the framework will also enable a second and third tier of contractors the opportunity to quote for “Planned Works” therefore constantly providing the Council with benchmarking.

Implications of the Recommendation

The council’s current contract with incumbent suppliers is due to expire in July 2013. By entering into the framework agreement with the appointed companies it will allow the continuing provision of responsive repairs and maintenance for Corporate Properties and Schools.

The appointed contractors have undertaken to prioritise opportunities for Harrow residents when recruiting in relation to these contracts.

Legal Implications

As the works have been split into separate Lots, each Lot well below the EU financial threshold for public works contracts above which a fully compliant EU tender process would have to be followed, the council has lawfully procured the framework agreement.

The council will need to put in place the framework agreement and call off contracts to protect the council’s and the schools’ legal and commercial interests.

So far as we know TUPE does not apply to the contractor staff currently delivering the corporate repairs and maintenance services to the council. If TUPE does apply the new contractors will need to liaise with the incumbent contractors to comply with their legal obligations under TUPE.

Financial Implications

The total value for this framework is estimated to be up to £3,775,000 with the framework lasting 3 years with the option to extend for a further year.

Corporate Repairs includes budgets held in individual directorates with works co-ordinated through Property Services within the Environment and Enterprise Directorate. There is a move towards aggregation of these budgets in order for the council to act more effectively in it’s role as a corporate landlord. The 2012-13 MTFS already factored estimated savings of £85k and further £100k in 2013-14 in anticipation of the new framework. This and any resulting savings from the successful re-tender will be reallocated accordingly.

Performance Issues

The procurement strategy adopted aimed to produce a result that would deliver both a cost effective repairs and maintenance service and support the

local economy. The procurement fits within the continuing transformation programme. This project started with a thorough analysis of the procurement options and the inclusion of works, within this and other repair and maintenance contracts that have been managed in a more disparate way is part of enhancing the procurement process.

Thus the following council priorities are supported through this procurement; *Keeping Neighbourhoods clean green and safe*, by operating an effective repairs and maintenance service which improves the integration of repairs and our estate management.

Supporting our Town Centre, our local shopping centres and businesses, local businesses were consulted about the tender strategy and encouraged to bid for a share of the works.

Within the tender document was a suite of performance indicators designed to allow focus on the key areas of service and for the council to agree with contractors a continuous improvement approach, with a focus on the most pressing performance areas and routine monitoring of other areas that are seen to be delivering to an acceptable standard

Environmental Impact

These Contract Lots are essentially for the maintenance of existing assets. Lots 3, 4 and 6 will offer opportunities to improve the use of water, electricity and gas when maintenance is being carried out. Where possible these opportunities will be incorporated into the work to contribute towards the council's climate change strategy of reducing carbon emissions by 4% a year. Work will be coordinated with the RE:FIT programme (in schools and corporate buildings) wherever possible to improve energy efficiency and reduce the councils exposure to rising energy costs and carbon taxes.

Risk Management Implications

Risk included on Directorate risk register? Yes

Separate risk register in place? Yes

The procurement project identified a number of opportunities that could flow from the procurement strategy, these included;

- Supporting the local economy
- Providing competition between suppliers to maintain quality and minimise price
- Encouraging innovation in service delivery

The risks from the procurement exercise flow from the potential that appointing a new supplier can result in;

- Service disruption during a transition period
- New contractors bid at prices that are not sustainable
- Client side structure does not have sufficient skills to manage the contract(s) put in place

- The need to communicate effectively with multiple contractors places a strain on the IT resources

Equalities implications

At the start of this procurement project an Initial Equalities Impact assessment was conducted to inform the Cabinet report in September 2011. This concluded that there would be no change to service delivery impacts as this was a proposed change in service provider and not of the service provided. However, during the course of the procurement exercise bidders were asked to explain how they would meet the needs of all service users as well as provided information on the equality and sustainability of their bid. This review has been used to update the initial assessment and no adverse impact is seen from appointing the proposed contractors. Within the suite of KPI's attached are measures to monitor future employment practices and individual resident satisfaction with service provision will be analysed by a post within the new client structure.

Corporate Priorities

See Performance Issues above

Section 3 - Statutory Officer Clearance

Name: Kanta Halai	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 20 May 2013		
Name: Stephen Dorrian	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 24 May 2013		

Section 4 – Performance Officer Clearance

Name: Martin Randall	<input checked="" type="checkbox"/>	on behalf of the Divisional Director Strategic Commissioning
Date: 20 May 2013		

Section 5 – Environmental Impact Officer Clearance

Name: Andrew Baker



on behalf of the
Divisional Director
(Environmental
Services)

Date: 20 May 2013

Section 6 - Contact Details and Background Papers

Contact: Andy Parsons, Interim Head of Property Services
andy.parsons@harrow.gov.uk

Background Papers: Cabinet Report – March 2012
<http://www.harrow.gov.uk/www2/documents/s96496/Responsive%20Repairs.pdf>

Cabinet Report - September 2011
http://www.harrow.gov.uk/www2/documents/s91294/Procurement%20of%20Housing%20Capital%20Schemes%20Report%20v3_1.pdf

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE

[Call-in applies]