

Subject:	Rationalisation and Procurement of the Mechanical and Electrical Term Maintenance Contracts		
Date of Meeting:	13th June 2013		
Report of:	Executive Director Finance & Resources		
Contact Officer:	Name:	Angela Dymott,	
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Wards Affected:	All	ALL	

1. SUMMARY AND POLICY CONTEXT:

- 1.1 The report requests that the Committee authorise and approve the rationalisation and procurement of the mechanical and electrical term maintenance contracts as proposed in paragraph 4.
- 1.2 Following the implementation of our new corporate landlord approach we have taken the opportunity to review our contractual arrangements. There are currently 21 separate contracts that will be rationalised into 4 contract lots for procurement resulting in economies of scale, financial savings and more efficient contract management.

2. RECOMMENDATIONS:

That Policy & Resources grants delegated authority to the Executive Director, Finance & Resources:

- (1) To rationalise, procure in accordance with OJEU procedures and award the mechanical and electrical term maintenance contracts for a term of 4 years; and
- (2) To grant a two year extension to any or all of the contracts referred to in (1) above subject to satisfactory performance of the contract(s) in question.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 The current contracts have been tendered separately since 2010 with a range of expiry dates from October 2013 to March 2014.
- 3.2 Under the implementation of Corporate Landlord a review was carried out of these contracted services by Property & Design, procurement and legal services. It was found that the procurement of the contracted services had been undertaken by individual departments on differing conditions, costs, specifications and with varying expiry dates. This meant that economies of scale savings were not being achieved and management time was not being used in an effective, economic, auditable or productive manner.
- 3.3 The Corporate Landlord approach will enable the rationalisation of a large number of existing contracts to ensure that economies of scale are realised. The number of contracts will be reduced and be managed and monitored by Property & Design giving better value for money and service delivery.

4 PROPOSED CONTRACTS AND PROCUREMENT ROUTE.

- 4.1 The proposed mechanical and electrical servicing term maintenance contracts will provide full statutory compliance assurance to Brighton and Hove City Council, servicing a wide variety of building types, including schools, libraries, sheltered housing, civic buildings, industrial buildings and day centres.
- 4.2 It is proposed to review and rationalise the 21 current mechanical and electrical maintenance contracts into 4 contracts to cover the specialised work requirements within the statutory compliance maintenance categories for example Mechanical servicing, Electrical testing, Water Hygeine and Lift servicing.
- 4.3 The contracts and tender details will be advertised in accordance with EU Procurement regulations and the Council's contract standing orders. This is likely to use an approach known as a "restricted procedure" as no suitable frameworks have currently been identified for use.
- 4.4 It is proposed that each of the contracts will be for four (4) years with an option to extend for a further two (2) years based on the successful contractor's performance over the contract period.

4.5 The proposed procurement timetable is shown below:

Task	Date
Committee Meeting	13 th June 2013
OJEU Placed	20th June 2013
PQQ Placed on South East Business Portal	20th June 2013
Closing date for PQQ's	25th July 2013
Evaluate PQQs	by 15th September 2013
ITT sent out	23 rd September 2013
Closing date for tenders	7 th November 2013
Evaluation of Tenders	by 9 th December 2113
Select Preferred Bidder	10 th January 2014
(Standstill Period - 14 days)	24 th January 2014
Award Contract	1 st Feb 2014
TUPE/Contract changeover	60 days
Contract Start	1 st April 2014

- 4.6 For each, contract bidders will be invited to submit a formal tender and supply sufficient supporting documentation to demonstrate their ability to deliver the service and make improvements to include internal quality procedures, staffing details and levels, equipment strategy, performance measures, sustainability, pricing schedules, health & safety documentation and mobilisation plan.
- 4.7 Each contract will be evaluated on a 60% technical / quality and 40% price split. It has been decided to have the technical / quality split as higher because it is important that the quality of the work carried out is to a high standard for the safety of both employees and visitors. High standards of servicing will also mean that building maintenance costs will be reduced. A cross - functional evaluation panel consisting of representatives from procurement, property & design and finance will evaluate the tenders for each contract according to a methodology set out in the invitation to tender and evaluation guidelines.
- 4.8 Each contract will also feature site specific specifications where each site will have a 'core' specification plus additional requirements that are needed to ensure that the site is kept compliant. This will encourage flexibility and savings where Clients will be paying for the correct compliance services specific to their site. For example where oil fired boilers or gas fired boilers are installed the contract will enable different prices and service specifications to ensure compliance with the relevant statutory requirements rather than a generic specification and price for a boiler service.

- 4.9 TUPE (Transfer of Undertaking Protection of Employment) regulations may apply to the contracts and the council will obtain information from the incumbent contractors for use in the tender documents.
- 4.10 The procurement team will be meeting its obligation under the Public Services (Social Value) Act 2012 to consult with local business & providers by holding a Market Warming day at Brighton Town Hall. Improvements to the wellbeing of the City will also be included as key measure/evaluation criteria in our Pre Qualification & Invitation to Tender documentation. Whilst preference cannot be shown to local providers, the use of this criterion in our evaluation model will allow us to evaluate how each individuals bid can benefit the social, economic & environmental well being of the City through improved local employment, suppliers, apprenticeships and the local supply chain reducing carbon emissions.

5 CONSULTATION

- 5.1 Consultation will be undertaken with a view to determining
- Each site's specific maintenance servicing and statutory compliance requirements
 - A specification with quality criteria which meets stakeholder needs.
 - Evaluation criteria and weighting for determining the most economically advantageous tender, which will produce a definitive criterion on quality evaluation to satisfy each individual stakeholder requirement.
- 5.2 As the new contracts will be above EU Procurement threshold Services contract the Public Services (Social Value) Act 2012 will apply. Consultation with relevant stakeholders and Clients is in progress to inform the procurement specification including engagement with the local business community. To this end it is expected that well being criteria will be included in the Invitation to Tender document to ensure that consideration is given to how the social economic and environmental wellbeing of the City might be improved.

6. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 6.1 The Mechanical and Electrical Term Maintenance Contracts will provide statutory compliance servicing to council owned buildings, leased buildings and schools for a 4-year period with the option to extend for a further 2-year period.
- 6.2 The total contract value is expected to be in excess of £4.18m over the 4-year term and the proposal to rationalise the existing 21 separate contracts into 4 contract lots is expected to provide economies of scale and management savings.

- 6.3 The tender will be prepared on a basis to maximise efficiencies and value for money achieved through site specific specifications. The contracts will be managed under the Building Services function of Property & Design.
- 6.4 The contracts may have TUPE implications although it is not expected to have a major influence on the cost of the contract.
- 6.5 There is a provision within the contract for other sites and buildings to join the contract throughout the period. It is envisaged that this will provide greater efficiencies across the council. .

Finance Officer Consulted: Name Rob Allen

Date: 3 May 2013

Legal Implications:

- 6.6 The authority of Policy & Resources Committee is required for matters with corporate budgetary implications, such as the procurement of the Mechanical and Electrical Term Maintenance Contracts for which the costs are likely to exceed £4,180,000 over the 4 year term of the contracts. Accordingly the committee is entitled to agree the recommendations at section 2 above.
- 6.7 Further, the Council's contract standing orders require that authority to enter into a contract valued at £500,000 or more be obtained from the relevant committee. The proposal to provide the Council's mechanical and electrical term maintenance services across a range of council property makes Policy & Resources the appropriate committee in that regard too.
- 6.8 The procurement of the new mechanical and electrical term maintenance service contracts will be subject to compliance with the full application of applicable EU Procurement legislation together with the Public Contracts Regulations 2006, the Council's Standing Orders and Financial Regulations.

Lawyer consulted: Isabella Sidoli

Date: 2nd May 2013

Equalities Implications:

- 6.9 These issues will be addressed in the tender process conducted in accordance with the council's Procurement Code of Practice Equalities & Diversity Monitoring.

Sustainability Implications:

- 6.10 Sustainability issues will be addressed in the pre-qualification and specification documents in line with the council's Sustainability Procurement Policy. The management and monitoring of these contracts will provide better energy efficiency measures thus reducing energy consumption and carbon emissions.

Crime & Disorder Implications:

- 6.11 There are no crime and disorder implications to be considered.

Risk & Opportunity Management Implications:

- 6.12 Full risk assessments will be undertaken by the successful Contractor in conjunction with the BHCC Contract Management. Key risks identified will need to be dealt with and regularly reviewed and updated by the respective parties. It will also be a requirement at tender stage that the tenderers provide example risk assessments for evaluation purposes.

Corporate / Citywide Implications:

- 6.13 The rationalisation of 21 separate contracts into 4 contracts under the Corporate Landlord will achieve value for money, ensure statutory compliance and the council will aim to make the tender process open and attractive to local contractors and the well being of the City.

7 EVALUATION OF ANY ALTERNATIVE OPTIONS:

- 7.1 **Do Nothing:** This would contravene statutory compliance requirements and increase costs if the contracts lapsed without having alternative contractual arrangements in place.
- 7.2 **Renew the Existing Contracts:** The opportunity of achieving savings through economies of scale would be lost and the high risk of not being statutorily compliant would remain.

8. REASONS FOR REPORT RECOMMENDATIONS:

- 8.1 The existing contracts will expire from October 2013 to March 2014 as they are not contemporaneous and the requirement for statutory compliance and better financial management and control would not be fulfilled. It is therefore recommended that the proposal to rationalise and procure the 4 mechanical and electrical contracts is approved.

SUPPORTING DOCUMENTATION

Appendices:

1. Schedule of contracts reviewed and lot allocation.

Documents in Members' Rooms

1. NONE

Background Documents

1. NONE