

Notice of Key Executive Decision

Subject Heading:	Approval to award of a term maintenance contract for Mechanical Installations Maintenance Works.
Cabinet Member:	Councillor Roger Ramsay- Lead Member for OneSource
SLT Lead:	Simon Pollock- Executive Director of OneSource
Report Author and contact details:	Ian Saxby – Head of Technical Services Telephone: 01708 433529 Email: ian.saxby@onesource.co.uk
Policy context:	It is a legal requirement for building owners/ operators to comply with Gas Safety (Installation and Use) Regulations 1998 the requirement to provide buildings for staff, customers and stakeholders that comply with statutory legislation including the Health and Safety at Work Act.
Financial summary:	This is a call off contract for inspection, monitoring and maintenance and as such will be funded primarily from revenue budgets for the maintenance of buildings. The contract will also be used for a number of small capital replacement projects. It is estimated that the total contract value over a 5 year period up to a value of £1,800,000.
Relevant OSC:	Overview and Scrutiny Board Expenditure could be in excess of £500,000 throughout its contract term of 5 years.
Is it an urgent decision?	No
Is this decision exempt from being called-in?	Yes

The subject matter of this report deals with the following Council Objectives

Communities making Havering	<input type="checkbox"/>
Places making Havering	<input checked="" type="checkbox"/>
Opportunities making Havering	<input type="checkbox"/>
Connections making Havering	<input type="checkbox"/>

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

That the Executive Director of OneSource approves the award of a term maintenance contract to South Park Heating Services Ltd for the statutory inspection, monitoring and Mechanical maintenance and remedial works at an estimated annual cost of £ 360,000, for a period of three years with the option to extend contract by a further 2 year period in 1 yearly increments (3 + 1 + 1), with an estimated start date in November 2020, making a total estimated value of £1,800,000 for the contract.

AUTHORITY UNDER WHICH DECISION IS MADE

3.3 Powers of Members of the Senior Leadership Team

Members of the Senior Leadership Team (SLT) have delegated authority to act as follows within the assigned service service/portfolio of responsibilities, subject to the general provisions and limitations set out in section 3.1 above.

Contract powers

(a) To award all contracts with a total contract value of between £500,000 and £5,000,000 other than contracts covered by Contract procedure Rule 16.3.

STATEMENT OF THE REASONS FOR THE DECISION

Technical Services led a compliant procurement process for the provision of statutory inspection, monitoring and Mechanical maintenance and remedial works. Responsibility for the maintenance of buildings either owned and/or used by the Council rests primarily with Asset Management and individual schools' governing bodies.

The likely total expenditure through this contract is estimated to be up to £1,800,000 for the five year term (including the extended period). This figure is estimated as a maximum value and will allow LBH to utilise the appointed contractor to undertake remedial and small-scale project works. It is difficult to predict quantity over the full term as the contract not previously been constructed in this way and historical evidence therefore does not exist. To manage this Technical Services will closely monitor annual budgets reporting at monthly meetings for respective clients and producing annual financial reports on the progression of the contract.

This proposed contract is considered to be a Works contract under Schedule 2 of the Public Contracts Regulations 2015 and the estimate value is below the EU threshold. A value above the threshold would require a full OJEU tender exercise.

The new contract will operate as one co-ordinated contract that will ensure both efficiencies in terms of operation/ monitoring and capital procurement of improvements.

Havering Council currently ensures compliance via a corporate contract entered in to in 2018 and extended for a period of one year. Technical Services monitor this duty in 112 corporate buildings on behalf of Facilities Management and 59 schools as part of an optional service level agreement.

Suppliers listed on the tender list were assessed during the procurement process for their financial stability, track record, experience and technical & professional ability. The new contract incorporates improvements to the operation and monitoring processes and includes schedules of rates to enable repairs/ replacements to be carried out efficiently and economically.

key Executive Decision

Seven contractors from Construction Line were invited to tender on the basis of a JCT Measured Term Contract 2016 with the Council's supplemental conditions. Five of the Seven contractors returned offers, which were assessed by a panel of officers from Technical Services and the strategic procurement unit on a 60/40 cost /quality basis as follows:

	Technical 30%	Cost 70%	Total	Ranking
South Park Heating Ltd	18.4	60	78.4	1
Contractor D	36	40.03	76.03	2
Contractor C	8.8	40.08	48.88	3
Contractor B	29.6	16.54	46.14	4
Contractor E	26.4	9.58	35.98	5

The tender submitted by South Park Heating Services Ltd is considered to be the most economically advantageous tender and the quality questions were answered to a suitable standard. It is therefore recommended to award a Term Maintenance Contract to South Park Heating Services Ltd with a potential value of up to £1,800,000 for an initial period of 3 years with an optional 2 year extension (3 + 1 + 1).

South Park Heating Services Ltd be appointed for a 3 year period with an optional 2 year extension in yearly increments to potentially 5 years.

Milestone

Contractor Appointment

Contract commencement

Initial Contract completion date

Contract completion date – (if extension(s) exercised)

Period/Date

November 2020

1st December 2020

30th November 2023

30th November 2025

OTHER OPTIONS CONSIDERED AND REJECTED

A number of options were considered, but discounted for the following reasons.

1. Continue with existing contract arrangements – The current contracts have previously been extended and there is no way of extending these further.
2. Place separate orders for servicing, reactive and planned maintenance – This approach would be time consuming and inefficient. There would also be compliance issues in terms of procurement, due to aggregation rules.
3. This is deemed to be a works contract and the estimated value of £1,800,000 over the full term and falls within the OJEU threshold. As such it was considered that best value will be achieved by inviting tenders from contractors registered on ConstructionLine, enabling local SMEs to tender.

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Ian Saxby

Designation: Head of Technical Services

Signature:

Date:

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

1. The Council has a general power of competence under section 1 of the Localism Act 2011 to do anything an individual may generally do, together with the power under section 111 of the Local Government Act 1972 to do anything ancillary to or which facilitates any of its functions. The contract may be awarded in accordance with these powers.
2. The total value of the proposed contract is £1,800,000 and is below the EU threshold for Works contracts (£4,551,413.00).
3. A competitive procurement procedure was conducted in accordance with the Council's Contract Procedure Rules via Constructionline.
4. Furthermore, the Local Government Act 1999, requires the Council to make arrangements to achieve best value in the exercise of its functions, which includes the works contained in the proposed contract. In consideration of this principle, officers have satisfied themselves that the bid submitted by South Park Heating Services Ltd represented the most economically advantageous tender for the Council overall.
5. Stage 2 of the consultation process must be concluded in accordance with section 20 of the Landlord and Tenant Act 1985 (amended by section 151 of the Commonhold and Leasehold Reform Act 2002). Adequate time must then be given for consideration and response and the product of consultation must be conscientiously taken into account.
6. There is no guaranteed level of work and the tender was based on a set of schedule of rates. The tender prices submitted was simply a tool to ascertain the supplier offering the best value for money. The tenderers were made repeatedly aware of the actual scope of the contract.

FINANCIAL IMPLICATIONS AND RISKS

This will be a call off contract, primarily funded by FM and schools where they choose to buy in. The cost is likely to be similar to the costs currently paid however the cost of managing and monitoring the contracts is likely to reduce.

Risks

As with most capital and Revenue schemes, there is a risk that individual projects could overspend due to issues arising during the construction process and developments discovered in ongoing remedial works during maintenance/servicing visits, this risk is mitigated via a contract administration procedure as set out within the JCT Measured Term Contract 2016 with the Council's supplemental conditions that provides constant monitoring and cost forecasting.

As with all contracts there is a risk to contractor delivery/continued operation. However the contractor selection process has partly mitigated this risk, along with careful project management in the future.

Note here the financial implications of, and risks relating to, the proposed decision.

- Implementing the award.
- Schools opting out.

key Executive Decision

HEALTH AND WELLBEING IMPLICATIONS AND RISKS

There are no implications associated with this decision.

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

There are no HR implications attached to this proposal. The original term maintenance contract was for a fixed 5 year term.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

Any equality or Social Inclusion Risk or Implication will apply to all groups evenly.

The SLT Member will be aware of the Public Sector Equality Duty (PSED) set out in section 149 of the Equality Act 2010. At each stage, in exercising its function (and in its decision making processes) the council must have due regard to the need to:

- a) eliminate discrimination, harassment, victimisation or other prohibited conduct;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it;
- c) foster good relations between person who share a relevant protected characteristic and those who do not share it.

The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

Officers have ensured this duty has been complied with throughout the procurement process.

BACKGROUND PAPERS

None

key Executive Decision

Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Details of decision maker

Signed:

Name: Simon Pollock- Executive Director of OneSource.

Date:

Lodging this notice

The signed decision notice must be delivered to the proper officer, Debra Marlow, Principal Democratic Services Officer in Democratic Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____