

# Corporate Policy and Resources Committee

Date of meeting: 04 October 2021



<b>Title</b>	<b>Procurement of Mechanical, Electrical Maintenance Services and General Building Reactive Works (for Planned and Responsive Maintenance)</b>
<b>Purpose of the report</b>	To make a decision
<b>Report Author</b>	Alfred Osawe; Senior Building Manager
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	Yes - Appendix 1 only
<b>Exemption Reason</b>	Appendix 1 of the report contains exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972 paragraph 3 Information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption outweighs the public interest in disclosing as it could put the Council at a competitive disadvantage in the procurement of these goods and services.
<b>Corporate Priority</b>	<p><b>Community</b> – refers to the repair and maintenance of municipal properties.</p> <p><b>Affordable Housing</b> – refers to the repair and maintenance of residential properties</p> <p><b>Recovery</b> – requires social value benefits to be delivered via the new contracts</p> <p><b>Environmental</b> – requires consideration of reduced environmental impact into the repairs and maintenance contracts</p>
<b>Recommendations</b>	<p>Committee is recommended to:</p> <p>Note and approve the terms and procurement processes for the following new contracts which are scheduled to commence on 01 April 2022 for an initial contract terms to be for a period of three (3) years, with the option to extend annually for a further two (2) 12-month periods, in the Council's sole discretion, and taking into account the contractor's performance on the contract.</p> <ul style="list-style-type: none"> <li>i. Mechanical installations maintenance services for Council's municipal and residential properties</li> <li>ii. Electrical installations maintenance services for Council's municipal and residential properties</li> <li>iii. General Building Reactive works for Council's municipal and residential properties</li> </ul> <p>The Committee is also recommended to:</p>

	<ul style="list-style-type: none"> <li>i. delegate the approval of appointment of the contractors to the Group Head of Regeneration and Growth in consultation with the Chair and Vice Chair of the Corporate Policy and Resources Committee.</li> <li>ii. Authorise the Head of Corporate Governance to enter into any legal documentation necessary to implement the new contracts.</li> </ul>
<b>Reason for Recommendation</b>	<p>The recommendations are based on:</p> <ul style="list-style-type: none"> <li>i. The existing contracts for the maintenance services of mechanical, electrical installations and general building reactive works will expire on 31 March 2022 having been negotiated to run for another 12 months to allow enough time for Building Services Team (BST) to retender each contract.</li> <li>ii. The need for continuous maintenance services of installations and components of Council's municipal and residential properties.</li> <li>iii. Approval of the procurement process of the three contracts will enable the Council to ensure that a competitive tendering exercise is undertaken, best value is achieved and that there is compliance with Council's Contract Standing Orders.</li> <li>iv. The procurement processes will follow a Public Contracts Regulations (PCR) 2015-compliant Restricted (two-stage) procurement procedure commencing with advertising the contracts on Find a Tender Services (FTS), shortlisting of tenders expressing an interest via a Selection Questionnaire, and the invitation to tender of shortlisted providers.</li> </ul>

## 1. Key issues

- 1.1 The previous contracts were let by Runnymede Borough Council under Spelthorne BC / Runnymede BC Asset Management Partnership for respective terms of five years. The contracts expired on 31 March 2021, the same date the asset management partnership with Runnymede BC ended which led to the creation of inhouse Building Services Team (BST). It was agreed that the contracts be negotiated to run for another 12 months to 31 March 2022 to allow enough time for BST to retender.
- 1.2 The contract duration within the respective maximum contract periods will be based on the event that the contract(s) prove to be successful, and there are no pressing reasons to terminate the contract(s).

- 1.3 Whilst these contracts could be negotiated with current contractors for a further tenure beyond 31 March 2022, it is considered that the Council could achieve better value for money, reduced risk of contractor underperformance and increased social value and community benefits if new contracts are let through a competitive tendering exercise by 31 March 2022.
- 1.4 BST manages the three maintenance service contracts (mechanical, electrical installations maintenance services and general building reactive works) for municipal and residential properties.
- 1.5 The Residential properties include those under Knowle Green Estate (KGE) Ltd management portfolio which are The Bugle, Benwell House, Knowle Green West Wing, and five other houses. The other Council's residential properties include Harper House, White House Hostel, Long Lane pavilion and Staines Park pavilion. Maintenance of Harper House and White House Hostel will be partly carried out by Metropolitan Thames Valley Housing (MTVH) under the supervision of BST.
- 1.6 Construction of Benwell House was completed in April 2021. Knowle Green West Wing, Harper House and White House Hostel will be practically complete in September 2021. Maintenance activities will increase over the course of the contracts as warranties on installations in these properties will expire in 2022.
- 1.7 The three contracts are for the provision of maintenance services and works to components and installations in the Council's municipal and residential properties. The current contractors are BTU Ltd, Osborne & Collins Ltd and Thamesway Contractors Ltd for mechanical, electrical and general building works respectively. The current contractual arrangements have worked well with no need for any changes to be made to the respective work specifications.
- 1.8 The contracts for mechanical and electrical installation maintenance services will together provide for annual visits to service the air conditioning systems, boiler servicing, periodic electrical inspections and tests, yearly portable appliance testing (PAT), and provision of around-the-clock reactive and emergency call out services to attend to any mechanical and electrical installation breakdowns in the municipal and residential properties.
- 1.9 The general building reactive works contract provides responsive day to day repairs and maintenance works including Emergency Work that is required by its very nature to be undertaken immediately to safeguard the well-being of occupiers, the structural stability and integrity of the property, the health and safety of the general public and works of a similar nature, and which arise at any time of the day.
- 1.10 It is the intention to tender each of the contracts separately to three specialist contractors in order to better manage and maximise employment opportunities for the local community, including the creation of apprenticeships. This requirement will be included within the specification of requirements in the tender documents.
- 1.11 The initial contract terms will be for a period of three (3) years, with the option to extend annually for a further two (2) 12-month periods, in the Council's sole discretion, and taking into account the contractor's performance on the contract. This is the normal contract period set for the provision of these types

of services. It is sufficiently long to allow contractors to deliver the expected contract deliverables but not too long that the Council cannot be sure of achieving value for money by further competitive market testing. The Council can also achieve further efficiencies with the contractor as part of the contract extension negotiations.

- 1.12 The price element of each tender is likely to comprise of 60% of the total tender score, and weighting of quality – at 40% - representative of the significant health and safety risk inherent in these contracts. The specification will include highly detailed health and safety requirements.
- 1.13 The scoring of the quality element will be based on Method Statements submitted by each contractor. Given that the contracts are significantly based on reactive works in terms of frequency of attendance, the proportion of 60/40 price/quality will deliver the right level of quality at the best possible price.
- 1.14 Where TUPE may apply, this will be at the secondary level (i.e. contractor to contractor). The project manager will ascertain from the incumbent contractors and include such information in the tender documents to allow bidders to cost their tender responses accordingly.

## **2. Options analysis and proposal**

- 2.1 There are three main options that need to be considered in relation to this procurement. These are:
  - i) **Option 1** – negotiate each of the existing contracts to run beyond 31/03/22 up to a further one year, then undertake a full PCR 2015 compliant tender exercise or procurement via a Framework Agreement. This option will delay the delivery of further contractual benefits which is against our corporate priorities.
  - ii) **Option 2** - undertake a mini-competition using either the Council's Framework Agreements (which may not have all of the required specialisms) or another suitable framework open to the Council to use for a contract start date of 01 April 2022. This approach would help to mitigate the risk of procuring the works in time for April 01, 2022 but would not necessarily open the opportunity to local contractors.
  - iii) **Option 3** - (preferred option) to retender the contracts by carrying out a full PCR 2015-compliant tender, advertising the contracts with contract start dates of 01 April 2022, to ensure the participation of sufficient suitably qualified contractors. This will allow us to fully test the market, using a detailed Specification of Requirements, tailored towards obtaining contract deliverables which align to our Corporate Priorities, specifically Recovery and Environment.

## **3. Financial implications**

- 3.1 Based on average expenditure during the past three years, estimated contract values for mechanical, electrical and general building works over the one year and five years periods are stated in Appendix 1. The respective contract values are above UK procurement (sterling) threshold for service contracts.

- 3.2 In respect of mechanical and electrical installations maintenance service contracts, detailed rates will be submitted relating to the need for programmed servicing and maintenance. The three contracts will include rates for time spent on site (on an hourly basis) together with a percentage adjustment against materials and sub-contractors.
- 3.3 To ensure value for money in appointing the most suitable supplier, it is proposed that the procurement will be based on:
- a. An open tender procedure (1<sup>st</sup> stage of restricted tender) which allows greatest competition and has the advantage of allowing local contractors to try to secure work.
  - b. Execute the contracts by exercising all options to maximise contract durations within the respective maximum contract periods based on the event that the contract(s) prove to be successful, and there are no pressing reasons to terminate the contract(s).
- 3.4 In the current financial year, a sum of £1,111,900 has been allocated for the maintenance services of municipal properties and an extra budgetary allocation of £85,000 is provided for other Council's residential properties (Harper House and White House Hostel). There is a separate budget for KGE owned residential properties. The three contracts (Mechanical, Electrical and General Building Works) which are £412,000 for the first year along with other service contracts are within the maintenance budgets.
- 3.5 It is anticipated that more residential properties will come on stream and be added to KGE portfolio during the contract periods. The prospective properties will be included in the respective contracts based on tendered rates submitted by the successful contractors. Full budget / contract implications will be evaluated once any property is added to the contracts and budget variations sought if required.
- 3.6 In line with current financial arrangements, maintenance services carried out on KGE properties will be paid from budgets held by KGE while maintenance services carried out on other properties are paid from the Assets Management budget.
- 3.7 The new contracts will allow for annual fluctuations based on the Consumer Price Index (CPI). With effect from the second year of the contract, CPI uplift shall be applied cumulatively on an annual basis until the end of the Contract Period.

#### **4. Other considerations**

- 4.1 BST will work with Corporate Procurement throughout contract duration to ensure that contract deliverables are achieved.

BST has consulted with managers responsible for the Council's municipal and residential properties. The new contracts will be drafted in such a way as to improve the service standards to ensure Spelthorne residents, staff and tenants continue to receive high service standard.

#### **5. Equality and Diversity**

- 5.1 The procurement process will be carried out in accordance with the Council's Contract Standing Orders. The selected contractors will be required to comply with relevant Equality and Diversity laws, accessibility standards and Health and Safety regulations. The Specification will detail the social value benefits which providers will be required to demonstrate.
- 6. Sustainability/Climate Change Implications**
- 6.1 As part of the procurement selection criteria, contractors will be required to demonstrate processes which minimise the environmental impact of their services.
- 7. Timetable for implementation**
- 7.1 Indicative timetable for procurement of the three contracts are stated in Appendix 2.

## **Appendix 1: Contract Estimates**

## **Procurement of Mechanical, Electrical Maintenance Services and General Building Reactive Works (for Planned and Responsive Maintenance)**

Please refer to separate attachment

## **Appendix 2: Contracts Procurement Timetable**

**Procurement of Mechanical, Electrical Maintenance Services and General Building Reactive Works (for Planned and Responsive Maintenance)**

	<b>Mechanical Installation Services Contract</b>	<b>Electrical Installation Services Contract</b>	<b>General Building Reactive Works Contract</b>
<b>Event</b>	<b>Date</b>	<b>Date</b>	<b>Date</b>
Publication of the Contract Notice, Selection Questionnaire (SQ) and other documents relating to this opportunity	11 October 2021	25 October 2021	22 November 2021
Period for expressions of interest (SQ responses)	11 October – 05 November 2021	25 October – 15 November 2021	22 November – 14 December 2021
<b>SQ submission deadline</b>	<b>12 noon on 10 November 2021</b>	<b>12 noon on 23 November 2021</b>	<b>12 noon on 22 December 2021</b>
Evaluation of SQs	11 – 18 November 2021	24 – 30 November 2021	10 – 17 January 2022
<b>Notification of outcome of SQ evaluation and Bidders invited to tender (Tenderers)</b>	<b>19 November 2021</b>	<b>01 December 2021</b>	<b>18 January 2022</b>
Deadline for receipt of clarifications	12 noon on 10 December 2021	05 January 2022	07 February 2022
<b>Deadline for receipt of Tenders</b>	<b>12 noon on 17 December 2021</b>	<b>12 noon on 12 January 2022</b>	<b>12 noon on 14 February 2022</b>
Site visits	19 November – 10 December 2021	02 December 2021 – 04 January 2022	19 January – 07 February 2022
Evaluation of Tenders	20 December – 10 January 2022	14 – 28 January 2022	15 – 22 February 2022
Preferred Bidder(s) identified	10 January 2022	28 January 2022	22 February 2022
<b>Internal Approval Process</b>	10 – 17 January 2022	28 January – 07 February	22 February – 01 March 2022



		2022	
Notification to bidders of contract award decision	17 January 2022	08 February 2022	01 March 2022
"Standstill" period	17 – 28 January 2022 (midnight)	08 – 19 February 2022 (midnight)	01 – 12 March 2022 (midnight)
Confirm contract award	31 January 2022	21 February 2022	14 March 2022
Mobilisation period	February – March 2022	February – March 2022	14 – 31 March 2022
Contract commencement date	01 April 2022	01 April 2022	01 April 2022