



Haringey Council

Agenda item:

[No.]

Cabinet Procurement Committee

On Tuesday 30th March 2010

Report Title. **New Term Partnering Contract for Gas Servicing, Maintenance and Responsive Repairs to Private Sector Leased Properties and Hostels**

Report of Gowan Turnbull (on behalf of Zulfiqar Mulak, Head of Housing Needs & Lettings)

Report Authorised by: Phil Harris, Assistant Director, Strategic Housing Services

Signed :

W P Bobb . 11th March 2010

Contact Officer: Gowan Turnbull, Mechanical Engineering Manager, Homes for Haringey

Executive Member and Lead Officer: Cabinet Member for Housing Services with the Director of Urban Environment

Wards(s) affected: ALL

Report for: **Key**

1. Purpose of the report

To report upon the procurement exercise in relation to a contract to provide gas safety and maintenance to properties in the Council's Private Sector Leased and Hostels stock and recommend to the Committee the award of the contract to a contractor who has been successful following a competitive tender.

2. Introduction by Cabinet Member (if necessary)

2.1 This report is to renew the regular PSL Hostel Gas tender award in compliance with gas regulations. The mandatory gas maintenance works will assure Haringey Residents that their safety and well being remains a high priority for the Council.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

3.1 To ensure that all properties occupied by Haringey Tenants have a Gas Safety Certificate and are covered by a responsive breakdown contract.

4. Recommendations

4.1 That Members approve the award of the contract for Gas Safety Certification and Responsive Maintenance in respect of the Private Sector Leased Accommodation and Hostels to the contractor identified in Appendix A as "Contractor A" for a term of 4 years with an option to extend for 2 further periods of 1 year each.

4.2 That Members agree the extension of the existing short term contract covering the PSL and Hostel stock to the 1st May 2010 so that it terminates at the point the new contract begins. This will provide continuity of cover for gas safety operations and breakdown cover.

5 Reason for recommendation(s)

5.1 The proposed new contract has been tendered in accordance with Contract Standing Orders and the Procurement Code and a comprehensive tender evaluation exercise has been completed, to identify the contractor whose tender submission is the most economically advantageous to the Council and which also offers high levels of customer care.

5.2 The proposed partnering and improved performance measurement approach envisaged in the Term Contract is designed to deliver continuous service improvement in the execution of the required gas servicing and responsive repairs services.

6 Other options considered

6.1 A comprehensive maintenance contract needs to be in place in order that the Council meets its obligations under the Gas Safety (Installation and Use) Regulations 1998 for this area of its tenanted housing stock. The current arrangements for Private Sector Leased stock and Hostels are providing safety cover and responsive maintenance but need to be regularised in the form of a long term agreement. No other arrangement will meet the Council's liabilities under these Regulations.

7. Summary

7.1 The procurement process and results set out in this report represent the basis for a contract which will provide the essential services outlined in 6.1 above and allow the Council to meet its obligations.

7.2 The current contract is carried out by a single contractor under a short-term contract until March 31st 2010. The contract which is the subject of this report will commence on 1st May 2010 with a Contract Period of 4 years with an option to extend by two one-year periods.

7.3 The value of the proposed new contract exceeds the threshold contained within the European Procurement Rules for services. Therefore an advertisement giving notice of the Council's intention to go to tender was placed in the Official Journal of the European Union. Interested contractors were asked to submit a detailed questionnaire with their latest company accounts; relevant references; information regarding their health and safety record; plus a brief quality submission. A total of 13 expressions of interest were received with 12 submitting the required completed application documents. The applications were analysed against the pre-qualification questionnaire. A total of 6 companies were short-listed and invited to tender – see Appendix A, para. 2.1.

During the tender period one contractor gave notice of their intention to not proceed with the submission of a formal tender. Therefore a total of 5 tenders were received as listed in Appendix A, para. 2.1

7.4 The new contract documents have been developed on partnering terms but with a high focus on continuous improvement and tenderers were made very aware of the importance that the Council places on the performance of the contractor. The contract also requires a pro-active approach to risk management with a team based collaborative approach to identifying and managing potential problems that could prevent the achievement of this target.

7.5 The new contract is priced on the basis of a fixed cost for annual servicing and breakdown cover with a Schedule of Rates for major replacements which are not included under the breakdown specification, typically, complete boiler renewals. They will not operate under an Open Book principle. They will also feature much simplified payment and cost control systems which will allow for improved budget monitoring and cost predictability.

7.6 Historically the Mechanical Engineering Dept has been responsible for establishing a servicing and maintenance contract, together with the provision of in-house professional technical services in respect of the heating systems to the Council's Temporary Accommodation Stock. In the new agreements Temporary Housing will be managing the day to day operations with Homes for Haringey providing technical and financial assistance.

7.7 The recommended contract will run for a period of 4 years, but will have the ability to be extended at the Client's sole discretion for a maximum of two periods, each of 12 months.

8.0 Tender Structure

8.1 The Tender Documents were constructed as below:

- i) the **Private Sector Leased works (PSL)** represent the gas servicing and maintenance works to individual systems within tenanted temporary accommodation dwellings and;
- ii) the **Hostels works** represent the gas servicing and maintenance works to the individually and communally heated Hostels stock.

8.2 The Contract stock profile is structured in the following way:

	Housing Areas Served	Dwelling totals	Postcodes
<u>PSL</u>	All	1,392	Borough wide
<u>Hostels</u>	All	205	Borough wide
Total		1,597	

8.3 In common with other similar procurements, the decision was taken for the tender evaluation to be based upon a weighted quality and price structure where the weightings would be assessed on a 60/40 ratio respectively. The 60% weighting for quality was then supported by a set of evaluation criteria to which tenderers had to respond with their Quality Method Statement. Full details of the weightings were provided to tenderers.

8.4 Tenderers were also advised that a threshold would be applied for both quality and price affordability. The tender documents incorporated separate pricing documents for the PSL and Hostels works and tenderers were required to price both elements.

9.0 Tender Evaluation – PSL and Hostels

Quality

9.1 The quality evaluation of tenderers' tenders was carried out against the detailed evaluation criteria and this produced scores which were totalled and weighted on the basis of a maximum of 60% for quality.

Price

9.2 Appendix A, para. 3.2 sets out a comparison of the estimated annual contract price for each of the 5 tenderers based on their tender submissions.

Combining Quality & Price

9.3 Tenderers' prices having been converted into price weighted scores, they were combined with the quality weighted scores (see table 3, appendix A)

Conclusion

9.4 The tenders submitted have been the subject of a detailed quality evaluation process together with a comprehensive validation process. The financial analysis was carried out by the consultants, NPS Ltd. Based on the results of the final tender evaluation, it is recommended that the tender submitted by Contractor A be accepted.

10 Chief Financial Officer Comments

10.1 The costs associated with this contract award are in line with budgeted expenditure in 2010- 11. The exact costs will vary according to the volume of replacement work such as boiler renewal that is required, although this spend will be recovered from landlords where possible.

11 Head of Legal Services Comments

11.1 This report is recommending the award of a new services contract valued in excess of the applicable EU services threshold of £139,393 at the time of tendering. As such full EU procurement rules apply. An extension of the existing contract for a month pending start-up of the new contract is also recommended.

11.2 The new contract has been duly tendered in accordance with EU procurement rules and Contract Standing Orders (CSO). An OJEU notice was issued and the contract was tendered using the restricted procedure.

11.3 Contractor A, as identified in Table 1 in Appendix A, has been recommended for award of the contract on the basis that it submitted the Most Economically Advantageous tender in accordance with CSO 11.01(b). Under CSO 11.01 an award may be made either on this basis or on the basis of the lowest price.

11.4 As the contract value exceeds £250,000 the proposed award must be approved by Members according to CSO 11.03 which says that the Cabinet must award all contracts over this value.

11.5 The award of the new contract is a key decision and as such is required by CSO 11.04 to be included in the Council's Forward Plan. The contract details are included as item 8 in Forward Plan version 93 covering the period 15th Feb. to 14th June 2010.

11.6 With respect to the extension of the existing contract, under CSO 13.02 Members may approve the extension of a contract where this is consistent with the Public Contract Regulations 2006 and the Council's Financial Regulations. In this respect, Members should note the further comment in para. 4 of Appendix A.

11.7 Subject to the comments in paragraph 11.6 above, the Head of Legal Services confirms that there are no legal reasons preventing members from approving recommendations in paragraph 4 of this report.

12 Head of Procurement Comments

12.1 The contract was advertised within the OJEU and followed a permitted restricted procedure.

12.2 By establishing this contract the Council continues to meet its obligations for gas safety.

12.3 Tenders were received based upon a quality/price basis of 60%/40% and evaluated as the most economically advantageous tender for this award.

12.4 The award of this contract represents best value to the Council.

12.5 The extension to the existing contract as recommended in paragraph 4.2 is required to enable the service for gas safety to have continuity of cover before the formal agreement is entered.

13 Equalities & Community Cohesion Comments

13.1 The process of providing Gas Safety certification benefits the entire community in terms of protecting against gas accidents. The servicing element of these contracts ensures that gas central heating systems operate at maximum effectiveness in cold weather and with minimum fuel consumption. This benefits the elderly and very young especially and contributes to the reduction of fuel poverty across the Borough. A very high proportion of residents in temporary accommodation are from disadvantaged groups and will benefit from this contract.

14 Consultation

14.1 Consultation Process

The Temporary Accommodation user forums have been used extensively to establish the main resident concerns around gas safety.

15 Service Financial Comments

15.1 Contractor A has scored the highest for both quality and price for the tendering of the Gas Contract for Private Sector Leasing and Hostel accommodation. The tender is for a maintenance contract for boilers in use at these forms of temporary accommodation.

15.2 If the tender is accepted the price of the contract will be the amount shown in the Table 2 in Appendix A. The Private Sector Leasing element of the works will be rechargeable to the landlords who supply these units. The Hostels element will be chargeable to the ring fenced Housing Revenue Account.

16 Use of appendices /Tables and photographs

16.1 Appendix A – Exempt information not for publication.

17 Local Government (Access to Information) Act 1985

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17.1 The following papers were used in the preparation of this report:

- The contract and specifications written in order to produce the tender documents
- The technical and finance files of the Consultant, Homes for Haringey

17.2 This report contains exempt and non-exempt information. The exempt information is contained in Appendix A of this report and is not for publication. The exempt information is exempt under the following category (identified in the amended Schedule 12A of the Local Government Act 1972), s. (3):

- Information relating to the financial or business affairs of any particular person (including the authority holding that information) (Category 3).