

Report to Procurement Committee

13th March 2007

Report Title: Measured Term Contract for the Reactive Building Fabric Repairs and Minor Mechanical & Electrical Works 2007/08 (Part A)

Report of: Head of Corporate Property Services (Dinesh Kotecha)

1.0 Purpose:

1.1 To seek Members agreement to award the contract for the Measured Term Contract for the Reactive Building Fabric Repairs and Minor Mechanical & Electrical Works One Year Contract 2007/08.

Introduction by Executive Member:

1.2 The placing of this contract will enable Corporate Property Services to provide a co-ordinated, quality reactive building maintenance service which is value for money. I recommend this report to the committee.

2.0 Recommendations:

2.1 That the Procurement Committee agrees to award the contract for the above project, as allowed under Contract Standing Order (CSO) 11, in accordance with the recommendations in paragraph 7 of this report.

2.2 That the contract be awarded for a period of one year.

Report authorised by:

Signed: Date:

Contact Officer: John Barnett

Telephone: 020 8489 4498

3 Access to information:

Local Government (Access to Information) Act 1985

3.1 List of background documents:

The following background documents were used in production of this report:

- Tender Document for the "Measured Term Contract Reactive Building Fabric Repairs and Minor Mechanical & Electrical Works" produced by John Rowan and Partners on behalf of Haringey Council.

- The service level agreement "Landlord & Tenant" Handbook produced by Corporate Property Services which has been reviewed and agreed with stakeholders.

3.2 This report contains exempt and non-exempt information. Exempt information is contained in Part B and is **not for publication**. The exempt information is under the following category (identified in the amended Schedule 12A of the Local Government Act 1972.

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

3.4 See Part B for exempt information

4.0 Background

4.1 The Council has approved a policy of "Corporate Management of Property (CMP)" from the 1st April 2007 with the transfer of the management responsibility for the operational property assets from Directorates to Corporate Property Services. This will centralise the responsibility for the hard building services maintenance under one department and provides the opportunity to improve our procurement procedures (as detailed in paragraph. 5.3)

4.2 A strategic review of the operational building portfolio at Haringey identified that the current building maintenance systems are very fragmented, with each Directorate managing their own portfolio in isolation to the next. The maintenance support is being provided in a variety of methods, through Homes for Haringey (HfH), in-house staff and locally procured contracts. In many cases contracts have not been formalised or let via full competition in compliance with the Council's Standing Order procedures. This is high risk position for the Council should it be challenged by other suppliers.

4.3 There would be cost savings and efficiency improvements in operating a more integrated procurement process resulting from the improved economies of scale. Meetings with other London Councils that have completed similar studies demonstrate that savings in the order of 10% have easily been achieved by improved methods of contracting out their building services maintenance.

4.4 The operational property portfolio is in excess of 100 buildings which are split under the following categories:-

- Administration
- Social Services
- Libraries, Museum & Archives

- Recreation Facilities
- Depots
- Children's Homes

(The portfolio excludes Educational buildings, domestic homes and leisure centres)

4.5 The maintenance services to be delivered by Corporate Property Services can be summarised into three categories:-

a) Reactive Maintenance Works

Maintenance undertaken in response to breakdown reports which will normally be managed through a central "Helpdesk" system with a formalised service level agreement

b) Planned Maintenance Support

Maintenance work designed to prevent crucial plant or equipment failures, extend the life of an asset and ensure that safety compliances are met

c) Condition Surveys

Building surveys undertaken on a 5 year cycle to identify fabric and service dilapidations (i.e. typically 20% of building portfolio completed each year).

This report relates to the "**Reactive Maintenance Works**" only, which have been estimated to be in order of £500,000 per annum.

4.6 From April 2008 it is proposed that the delivery of both reactive and planned maintenance works will be integrated under one contract. This would be procured through the "Official Journal of the European Union" and is likely to be based on the ethos of a partnering approach. At this stage it is not practical to consider combining these two work elements due to the time scales required and works that still need to be undertaken to deliver such a proposal.

5.0 Report

5.1 In conjunction with CPU/CPG the consultant John Rowan & Partners were selected from the CRCS framework agreement to produce a tender specification for the provision of a "Measured Term Contract for the Reactive Building Fabric Repairs and Minor Mechanical & Electrical Works for the Financial Year 2007/08".

5.2 This specification was then used to invite tenders for the provision of labour, materials and transport to provide a reactive maintenance service to support the Haringey operational building portfolio. The contract was based on the "National Schedule of Rates" combined with some "day works" to price the works. It is estimated that the total value of reactive works is in the order of £500,000 per annum. Each order would be capped at a maximum order value of £5,000 and minimum of £20.

5.3 The typical reactive repair and maintenance works cover the:-

- External Building Fabric
- Internal Building Fabric
- Heating, Ventilation & Air Conditioning

- Electrical Systems
- Piped Services
- Security
- Fire Systems

5.4 The reactive maintenance will be undertaken in response to breakdown reports which are normally managed through the Corporate Property Services "Helpdesk", which operates from 0800 hours to 1800 hours Monday to Friday with an out of hours call out system in place.

5.5 Expressions of interest in this contract were advertised in late December 2006 and all the interested parties were invited to complete a "Pre-Qualification Questionnaire (PQQ)". Following review seven contractors were then invited to formally tender for the work and bids were received from four contractors by the closing date of the 5th February 2007.

5.6 The tender bids were rigorously evaluated on the basis of the contractors' cost and the quality of their submission, which accounted for 70% of the final tender evaluation score. The top three contractors from the four tenders received were then invited to formal interviews at Hornsey Town Hall on the 12th February 2007. At these interviews a further review of the tender proposals took place which accounted for a further 30% of the final score. The scores are tabled in Part B, paragraph 2.1.

5.7 The contract will be mobilised from the beginning of April 2007 with a full induction programme for all parties. The contract is based on an agreed "Service Level Agreement" with defined "key Performance Indicators KPI". These KPI are based on work completion to target, customer satisfaction, health and safety and financial management. These will be reported and reviewed monthly to ensure that the contract is delivering a value for money service.

6.0 Budget

6.1 The budget estimate for the reactive maintenance repairs is estimated at some £500,000 p.a, through an analysis of 2004/05 & 2005/06 actual and 06/07 YTD. The 2007/08 funding will be provided through the amalgamation of Repairs & Maintenance monies from the respective Directorates into a central Repairs & Maintenance budget managed through Corporate Property Services. These have been discussed with the relevant Directorates and the formalisation of the virement of these monies is currently being finalised.

7.0 Recommendations

7.1 That Members agree to award the contract for the above project, as allowed under Contract Standing Order (CSO) 11, in accordance with the recommendations in paragraph 7 of this report.

7.2 That the contract be awarded for a period of one year.

8.0 Equal Opportunities Implications

8.1 The Councils "Equal Opportunities" policies have been embedded into the tender specification and have been fully reviewed during both the PQQ and evaluation stages.

9.0 Health & Safety Implications

9.1 The Councils "Health and Safety" policies have been embedded into the tender specification and fully reviewed during both the PQQ and evaluation stages. Formalised systems of work have been defined with systems such as "Permit to Work" on specific types of works (e.g. Hot Works). During the mobilisation of the contract a detailed health and safety induction programme will be implemented and the contract will be performance monitored through the helpdesk.

10.0 Financial Implications

10.1 The funding will be provided through the amalgamation of R&M monies from the respective Directorates into a central R&M budget managed through Corporate Property Services.

11.0 Comments of the Head of Legal Services

11.1 In accordance with order 6.5 of the Contract Standing Order the contract was tendered domestically as the estimated value of the contract was in excess of the sum £25,000.

11.2 The Public Contract Regulations 2006 are not applicable as the estimated value of the contract is less than the current works threshold of the sum of £3,611,474.

11.3 As the contract value exceeds the sum of £250,000 the proposed award must be approved by the Procurement Committee pursuant to Contract Standing Order 11.3.

11.4 It is proposed that the 1st ranking Contractor will be awarded the contract on the basis that they submitted the most economically advantageous tender in accordance with Contract Standing Order 11.1(b).

11.5 In accordance with order 12.01 of the Contract Standing Order the contract must be in writing and by way of a document prepared by or on a basis approved by the Head of Legal Services.

11.6 The Head of Legal Services confirms that there are no legal reasons preventing members from approving the recommendation of this report.

12.0 Comments of the Head of Procurement

12.1 The majority of work under this contract falls under the remit of works, rather than services, and did not therefore need to follow a full EU tender.

12.2 Use of the existing construction framework agreements was not possible, as the type of reactive work to be undertaken did not form part of the initial specification for the framework agreements.

- 12.3 A thorough evaluation under the principles of the most economically advantageous tender (MEAT) has been undertaken, and involved an evaluation panel with a strong mixture of skills (including facilities management, property management and construction procurement).
- 12.5 This procurement follows the Procurement Code of Practice and complies with the Council's CSOs.
- 12.6 The Head of Procurement supports the recommendation to Members made at paragraph 7.

13.0 Comments of the Director of Finance

- 13.1 The Director of Finance supports this award of contract as it should provide improved value for money in how resources are used for Reactive maintenance works and notes that a new contract will be put in place from April 2008 covering both reactive and planned maintenance support.