

**NORTH SOMERSET COUNCIL  
DECISION**



**DECISION OF: EXECUTIVE MEMBER, CLLR ASHLEY CARTMAN  
WITH ADVICE FROM: DIRECTOR OF CORPORATE SERVICES JO WALKER AND HEAD  
OF STRATEGIC PROCUREMENT SERVICE, MARK RODDAN  
DIRECTORATE: CORPORATE SERVICES**

**DECISION NO: CSD30 2019 / 2020 Scheme**

**SUBJECT:** Procurement plan for the procurement of the Reactive and Planned Maintenance, Minor Works and Compliance Testing Contract.

**KEY DECISION: NO**

**BACKGROUND:** The proposals in the report will support the Council's policy aim to improve the way we work, increase the efficiency of property governance arrangements, and will help ensure the Council remains compliant in its statutory landlord and employer duties in respect of its property estate.

**DECISION:** It is requested that this Procurement Plan be approved to proceed, to tender for a contractor for the Reactive and Planned Maintenance, Minor Works and Compliance Testing Contract.

**REASONS:**

**Introduction**

The Reactive and Planned Maintenance with Minor Works contract commenced on the 1 April 2018. The contract was awarded initially for a 12-month term to John West in order for the Major Projects and Technical Services Team and Strategic Procurement teams to prepare for a formal procurement process following the requirement for an emergency procurement process. Earlier this year the contract was further extended to April 2020 to make it term commensurate with the Compliance Testing Contract in order that the contracts be procured as one and to allow a formal procurement process to take place.

The contract provides the following main services:

**General Construction**

- Painting and Decorating
- Building Maintenance and Repairs

- Minor Building Works
- Emergency Response Service
- Drainage Works
- Minor External Works

### Mechanical & Electrical

- Mechanical Services (to include boiler renewals etc)
- Electrical Services
- Carpentry Services

### Kitchen Equipment

- Maintenance of domestic and commercial kitchen equipment

The Compliance Testing contract commenced in January 2017 with Graham Facilities Management and its initial three-year term will run until January 2020. There is a one-year extension available. However, in order for a procurement process to be carried out and for the two contracts to be merged, earlier this year the contract was extended for three months to April 2020.

The contract provides the following main services:

- Statutory and Periodic Maintenance
- Testing
- Inspection
- Reporting and Management services to mechanical, electrical and building fabric installations for the Council's assets.

The contract will also comprise of multi trade planned minor works up to the value of £500,000.

### **Commissioning Plan**

The Commissioning Plan for this project was agreed at Full Council on the 23 July 2019 and is available upon request.

### **Requirement**

The Reactive & Planned Maintenance and Minor Works contract is a call off contract. The contract covers corporate buildings and can also include schools.

The Minor works element of the contract and all contract administration associated with the service is managed by the Major Projects and Technical Services Team.

The compliance element of the contract covers the compliance maintenance service and inspection for all the corporate buildings within North Somerset Council's remit. This service

is also offered to all North Somerset maintained schools, as well as schools that fall under academy status. The maintenance service and inspections are clearly defined by the specification, SFG20. These are further incorporated into the relevant modules. This is not a call off contract given that there is a planned approach based on the frequency of the required compliance checks. This service element is managed by the Compliance Officer within the Major Projects and Technical Services Team.

The annual value of the contract is estimated at £1.5 million, evenly spread across the three areas of the contract. This contract is not Lotted, therefore a one supplier only contract.

The term of the contract is 5 years with the option to extend up to 2 years.

It is anticipated that there may be TUPE implications with both incumbent providers. Both providers will be requested to provide details of those employees who they believe are eligible for TUPE.

The contract start date is planned for 1 April 2020.

## **Market**

In late 2018, early 2019 following Procurement led internal workshops and following an advert to the market we met with our incumbent providers and several national contractors to establish the market interest in a combined contract opportunity as opposed to our current model of individual contracts. During our internal meetings the benefits highlighted of merging the contract were considered as:

- Internal contract management resource efficiencies, one contract, one contractor, one supply chain
- Contracts have a natural link; same contractor will undertake all works resulting from compliance checks
- Consistency in terms of pricing works for both elements
- Potential economies of scale from the market through combining their overheads
- One stop shop for all calls
- Greater familiarity for one contractor covering all of the need.
- Overall attractiveness to the market

The attending contractors all confirmed the above benefits and in addition were able to offer examples of where these arrangements were already established and gave examples. All of the contractors we met expressed their further interest in tendering for the combined opportunity.

Following our meetings with the market and from our analysis of the overall market it is our view that this merged contract opportunity will attract a good level of interest and therefore competition which strengthens our ability to achieve best value for the council.

## **Route to market**

The procurement process will be run through the Council's procurement portal 'Supplying the South West', this will be advertised following an OJEU notice given the gross value over the

nine year term is significantly above the services OJEU threshold. It is proposed to run an Open Tender process allowing all bidders the opportunity to submit a full tender.

## Timescales

A detailed timetable has been produced by the Strategic Procurement Service and is available to view on request, however, a summary of anticipated key dates is as follows:

Action	Timescale
Full Council agreement for the Commissioning Plan	23 July 2019
Procurement Plan sign off	August 2019
OJEU advert	Mid August 2019
Invitation to Tender	Mid August – End September 2019
Evaluation process and clarifications	October 2019
Executive sign off of contract award	4 December
Alcatel Period	December
Contract implementation	January – March 2020
New contract start date	1 April 2020

## Governance

This tender is being managed by the Strategic Procurement Service, and the lead internal clients are the Highway Operations and Contract Manager and various officers within the Major Projects and Technical Services Team.

This Procurement Plan requires signoff from the Executive Member and the Contract Award report will require Executive sign off.

## Social Value, Sustainability & VCSE

It is recommended that in line with the Guide to Social Value produced by the Strategic Procurement Service that we should build elements of social value into both the specification and 10% of the evaluation criteria should be given to ascertain what social value the contractor can offer to the council.

Any additional offerings from tenderers will improve their quality scores and therefore ability to win the contract and in turn will be added to their contractual KPIs to enable the Contract Manager to assess their progress in this area.

The following prompts will be highlighted within the tender documents for each contractor to consider within their quality response:

- ❖ Increased employment to local people
- ❖ Increased employment to young people
- ❖ Increased use of local supply chain
- ❖ Stronger local voluntary/community sector
- ❖ Recycling of materials
- ❖ Reducing negative and promoting positive environmental impacts

## **Evaluation Criteria**

It is proposed that an 80/20 price/quality split is used. The rationale for this criteria is based on the following factors:

1. A clear minimum standard for all elements of the service will be set out in the specification which will ensure contractors understand the requirements of the contract.
2. The use of SFG20 (a system that manages the compliance modules and regularity of requirement) for the Compliance Contract makes clear the frequency of the compliance requirement by laying it out in modules. The Contractor is able to see the requirement and we are able to track their progress.
3. The NEC4 Term Service contract will provide a clear understanding on the expectations from both the Contractor and the Council, we are working with a Consultant to ensure that this contract fits the councils requirement.
4. A scoring threshold on the majority of the quality assessment questions will be introduced. A tenderer who fails to meet the minimum required score for any of those questions would have their tender submission declined. This ensures that the winning tender meets the required minimum standard of quality whilst ensuring the competitive pricing of the contract.

## **Pre-qualification stage**

There are a number of pass/fail requirements as part of the pre-qualification assessment, Selection Questionnaire (SQ). These include:

- Financial viability
- Health & Safety
- Equalities & Diversity
- Insurances
- References from similar contracts

It is proposed that all suppliers that pass the initial pre-qualification checks will have their remaining tender evaluated for both their price and their qualitative assessment.

## **Qualitative and Pricing Evaluation**

### **Quality Assessment – 20%**

The quality evaluation criteria are proposed as:

1. Proposals for managing the combined contract – 30%
2. Contract Team Organisation – 20%
3. Technical Suitability – 30%
4. Management of external sources – 10%
5. Social value – 10%

There will be a minimum score requirement of 3 for questions 1-4. Any tender that receives a score of 2 or less for those quality assessment questions will be considered to have failed the tender process.

The scoring matrix used during the procurement process is likely to be the following:

Score	Classification	Award Criteria
5	Excellent	A response that inspires confidence; specification is fully met and is robustly and clearly demonstrated and evidenced. Full evidence as to how the contract will be fulfilled either by demonstrating past experience or through a clear process of implementation.
4	Good	A response supported by good evidence/examples of the Bidders' relevant ability and/or gives the council a good level of confidence in the Bidders' ability. All requirements are met, and evidence is provided to support the answers demonstrating sufficiency, compliance and either actual experience or a process of implementation.
3	Satisfactory	A response that is acceptable and meets the minimum requirement but remains limited and could have been expanded upon.
2	Weak	A response only partially satisfying the requirement with deficiencies apparent. Not supported by sufficient breadth or sufficient quality of evidence/examples and provides the council a limited level of confidence in the Bidders' ability to deliver the specification.
1	Inadequate	A response that has material omissions not supported by sufficient breadth and sufficient quality of evidence/examples. Overall the response provides the council with a very low level of confidence in the Bidders' ability to deliver the specification.
0	Unsatisfactory	No response or response does not provide any relevant information and does not answer the question.

### **Pricing Evaluation – 80%**

For evaluating the overall price from each supplier, it is proposed to use the standard cost evaluation method, which is widely used within the Council.

The tender with the lowest total price will receive the maximum score of 100 (weighted at 80%) and the prices of all other tenders will be expressed as a percentage of the maximum score.

### **Pricing Schedule**

There will be three elements to the pricing schedule which will be costed separately and then evaluated with a combined overall figure.

1. **Compliance Testing:** Tenderers will be required to submit a lump sum price for the delivery of the Compliance Testing. The asset database, frequency of testing and specification can be well defined (using the SFG20) enabling a fixed price to be submitted. The fixed price will be broken down by building and asset type which will enable the fixed price to be adjusted in a transparent manner as and when the asset changes e.g. disposals and acquisitions.
2. **Reactive Maintenance:** Tenderers will be required to submit hourly rates for the commonly used trades e.g. electrician, plumber. The cost of materials will be paid for at cost plus contractor's mark-up which will be competitively tendered and evaluated.
3. **Planned maintenance and minor works:** Bidders will be required to submit prices for sample planned maintenance and minor works schemes. The information provided (labour rates, equipment costs, material costs) will be evaluated and used to build up target costs for actual schemes required. The successful contractor will be required to demonstrate that the target cost for actual schemes are consistent with the pricing information submitted with the tender and represent value for money. The Council will retain the option to place a nor order with a different contractor if it is not satisfied that the target cost does not represent value for money.

### **Evaluation Panel**

The evaluation panel will consist of:

- Procurement Manager
- Highway Operations and Contract Manager
- Compliance Officer
- Quantity Surveyor
- Project Office Manager
- Insurance Manager
- D&E Contracts Manager

### **Contract Management**

The NEC4 Term Service contract will be prepared by the Major Projects and Technical Services Team with guidance and support from an external consultant.

Following the contract award a detailed Contract Management Plan will be produced jointly by the Procurement Manager and the assigned Contract Manager. It is proposed that initially, formal monthly performance meetings will be held with a view that they may revert to quarterly meetings once the contract has been embedded. The Provider, in preparation for these meetings will submit a fully completed report, in a format specified by the Council, no later than one week prior to the meeting. The Provider will supply all necessary information with which to provide a clear, robust understanding of the outcomes achieved through the service. This contract will form part of the quarterly contract performance monitoring presented at CMT.

### **OPTIONS CONSIDERED:**



1. To extend the Compliance Contract to January 2021 into its final, allowable year, with a view to re procuring in 2020 as an individual contract requirement.
2. To re procure the Reactive & Planned Maintenance and Minor Works contract as an individual requirement to start April 2020.
3. To bring the service in-house
4. To combine the Reactive & Planned Maintenance, Minor Works and Compliance Testing Contract
5. To do nothing

All of the above options were discussed at length during the multi-disciplinary workshops held late last year. The benefits discussed during these workshops and as highlighted above (Consultation section) led everyone to agree that combining the two contracts would be the most appropriate route. With regards to the potential to bring this service back in house, it was agreed that all of the experience in this area is now out with contractors and the council no longer has the capabilities internally to provide this service without significant cost involved.

There is a legal requirement within the Health & Safety Act 1974 that places a duty on employers to ensure, as far as reasonably practicable, the health & safety and welfare of all employees within the work place. Therefore, to do nothing and not re procure either service is not an option.

It is proposed therefore to combine the two contracts and procure as one single contract.

## **FINANCIAL IMPLICATIONS:**

### **Costs**

There are three parts to this contract, Reactive & Planned Maintenance, Compliance Testing and Minor works. Based on the previous 12 months spend analysis each of them is estimated at a value of £500,000 each per annum.

The Reactive & Planned Maintenance arrangement is a framework call-off contract. Therefore, North Somerset Council will normally only incur costs when individual FHD orders/purchase orders are raised against the contractor.

The Compliance Contract is a fixed monthly payment based on the known planned modules. The Minor Works is an opportunity to request a quote for the 'minor works' from the incumbent provider for works up to the value of £500,000.

### **Funding**

For the Reactive & Planned Maintenance, budgets are dispersed across the Directorates and individual Budget holders are responsible for their own areas.

The Compliance Testing budget is held within the Major Projects and Technical Services Team. This is a fixed budget based on a defined program of works.

The budgets for Minor Works are as agreed at the beginning of a project and also held within individual teams.



## LEGAL POWERS AND IMPLICATIONS

The proposed NEC4 Term Service Contract is being created by our consultants McKie Consulting in liaison with the Major Projects and Technical Services Team and Procurement lead.

There is a legal requirement within The Health & Safety at Work Act 1974 that places a duty on employers to ensure, as far as reasonably practicable, the health & safety and welfare of all employees within the work place. In addition, statutory and regulatory compliance must be carried in accordance with this duty. As such, North Somerset Council are upholding their obligations by engaging a proficient property compliance maintenance contractor to undertake this requirement on their behalf. The definitive standard for building maintenance used is SFG20, which guarantees ongoing updates of legislation and regulations to ensure all buildings within the contract are compliant.

## CONSULTATION

Internally we have run several workshops which have involved direct users of the contract from across the council, Major Projects and Technical Services Team contract officers and the facilities manager whose team facilitate all maintenance requests. These workshops were held to establish the following:

- the performance of the existing contracts
- discussing current and proposed scope
- procurement and contract options
- contract management
- commercial modelling
- lessons learned
- market analysis

Following the workshops, we met with the incumbent providers and several national contractors in the market to ensure that our proposal to combine the two contracts would result in interest from the market. As discussed previously in this report, this received a positive response.

## RISK MANAGEMENT

There are a number of risks that have been established and mitigated, they are:

- No or limited interest from the market
- Unaffordable bids are received resulting in no award
- The provision does not meet the expectations of the contract users

The project team have spent time with various contractors in the market place during the pre-procurement phase to ensure that there is the required interest in this new contract arrangement. We are confident that the proposal to combine the contracts meets with the markets interest and anticipate healthy competition.

One of the reasons that we have decided to merge the two contracts is the attractiveness of the two contracts being managed together due to their natural synchronicity. The two contracts together allow for the combining of overheads and give more guarantee to the value with the Compliance Testing and Minor work. This should remove the risk of prospective contractors factoring in too much risk to their costs.

**EQUALITY IMPLICATIONS**

Have you undertaken an Equality Impact Assessment? Yes

An equalities impact assessment has been completed.

**CORPORATE IMPLICATIONS**

The Reactive & Planned Maintenance and Minor Works element of the contract provides a service for the Council as a whole and therefore has cross directorate implications particularly from a budgetary point of view. Whereas the compliance part of the contract sits within the Major Projects and Technical Services team and therefore the budget also.

**BACKGROUND PAPERS**

Report to Full Council for the Commissioning plan for Reactive & Planned Maintenance, Minor Works and Compliance Testing Contract – July 2019.

**SIGNATORIES:**

DECISION MAKER(S): EXECUTIVE MEMBER, CLLR ASHLEY CARTMAN

Signed:  .....

Title: .... EXECUTIVE MEMBER .....

Date: .... 6 AUGUST 2019 .....

WITH ADVICE FROM: CORPORATE SERVICES DIRECTOR JO WALKER

Signed:  .....

Title: .... CEO .....

Date: .... 6 AUGUST 2019 .....

HEAD OF STRATEGIC PROCUREMENT, MARK RODDAN

Signed: .....Mark Roddan.....

Title: ...Head of Strategic Procurement.....

Date: 6 AUGUST 2019.....

**Footnote: Details of changes made and agreed by the decision taker since publication of the proposed (pre-signed) decision notice, if applicable:**

