

Decision by Portfolio Holder



Report reference: HSG-019-2018/19
Date of report: 22-November-2018

**Epping Forest
District Council**

Portfolio: Housing and Property Services

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Democratic

Services: J Leither

Subject: Acceptance of Tenders – Ad-hoc Gas Heating Installations, Upgrades and Associated Electrical Work 2018-23 to Council owned properties.

Decision:

- (1) That Gracelands CMS Ltd be awarded the 1-year contract renewable annually for up to a maximum of 4-further years, for the ad-hoc gas heating installations, upgrades and associated electrical works to Council owned properties in the sum of £60,030.63 with an overall weighted price and quality score of 89.7%;
- (2) That the overall value of the works be capped to the sum included in the Capital Programme identified for Gas Heating on an annual basis; and
- (3) That this contract be designated as a serial contract to facilitate the annual adjustment to the tendered rates in accordance with the Royal Institution of Chartered Surveyors (RICS) BCIS ALLCOS Resource Cost Index of All Construction: All Repair and Maintenance Work #7419.

ADVISORY NOTICE: <i>A Portfolio Holder may not take a decision on a matter on which he/she has declared a Pecuniary interest. A Portfolio Holder with a non-pecuniary interest must declare that interest when exercising delegated powers.</i>	
I have read and approve/ do not approve (delete as appropriate) the above decision:	
Comments/further action required:	
Signed: Councillor S-A Stavrou	Date: 10 th December 2018
<i>Non-pecuniary interest declared by Portfolio Holder/ conflict of non-pecuniary interest declared by any other consulted Cabinet Member:</i> None	<i>Dispensation granted by Standards Committee:</i> Yes/No or n/a
Office use only: Call-in period begins: 11 th December 2018	Expiry of Call-in period: 17 th December 2018

**After completion, one copy of this pro forma should be returned to
Democratic Services IMMEDIATELY**

Initialled as original copy by
Portfolio Holder:

Reason for decision:

Gas heating installations, are a major programme of works within the Housing Capital Works Programme, and gas heating installations and upgrades are carried out on a planned programme of work and on an ad-hoc basis.

The existing framework agreement for ad-hoc gas heating installations, upgrades and associated electrical works with the current contractor has reached the end of its term. Therefore it is necessary to undertake a procurement exercise based on the MEAT taking cost and quality into account to satisfy the Council's Procurement Rules.

Options considered and rejected:

The main alternative options considered are:

- (1) To re-tender the contract on an annual basis. However, this would be time consuming and inefficient. Re-tendering would not guarantee more competitive tenders.
- (2) To re-tender based on price alone. However, this would not necessarily return a more competitive tender and would not identify or quantify a quality commitment from the lowest tenderer.
- (3) To undertake both the planned programme and the ad-hoc gas heating installations and upgrades combined in one tender. However, the differences between planned and ad-hoc work requires the commitment of varying additional resources being implemented by the contractor. To ensure the Council procure the necessary resources to enable the contractor to undertake the work efficiently and cost effectively it is necessary to maintain the separation of the of Planned Capital Programme and ad-hoc gas heating installations.
- (4) To seek quotations on an individual basis for each ad-hoc gas heating installations, upgrades and associated electrical works. However, this is very time consuming and is not cost effective, and given the volume of ad-hoc gas heating installations, upgrades and associated electrical works carried out per annum, this would breach the Council's Procurement Rules C2 (9) with the works exceeding £25,000 in value during one financial year.

Background Report:

1. The existing framework agreement with the current contractor for undertaking ad-hoc gas heating installations, upgrades and associated electrical works has reached the end of its term, and as such it is necessary to re-tender the works.
2. Incorporating the lessons learnt from previous contracts, tenders have been sought in accordance with the Council's Procurement Rules, based on and assessed in terms of the Most Economically Advantageous Tender (MEAT) with the criteria based on quality and cost. The qualitative responses made up 30% of the overall tender evaluation with cost representing the remaining 70%.
3. Tenderers were advised that the qualitative assessment would be based on a total possible score of 30% which is split across a set of weighted quality questions.

Quality Method Statement Questions;	Reference;	Maximum Score;
Management and Resources	1.1	10%
Service Delivery	1.2	10%
Staff Capability	1.3	10%
Total;		30%

4. Tenderers were also advised that the Cost Element Submission of the tender would be based on a total possible score of 70% which is split across the 5 Schedules of Rates which make up the price framework.

Schedule of Rate Description;	Reference;	Maximum Score;
Gas Heating and System Upgrade Schedule of Rates;	01	20%
Electrical Testing and Upgrade Schedule of Rates;	02	10%
Full Gas Heating Installation Schedule of Rates;	03	20%
NHF v7 Schedule of Rates Items;	04	10%
Prelims and 'No Access' Schedule of Rates;	05	10%
Total;		70%

5. Tenderers were required to provide individual costs for every schedule of rate item contained in the 5 schedule of rates even if the value of the item is a £0.00 cost. This will ensure a level and transparent tender exercise and that the tenderer has considered and competitively priced every item.
6. The contract, initially for a period of one-year is renewable annually up to a maximum of 5-years, subject to the contractor's performance and quality of workmanship.
7. Invitations to tender were issued on 13th September 2018 to the following 4 contractors who are registered on Constructionline and are experienced in undertaking this type of work.

Contractor;	Constructionline Registration Number;
1. Aston Heating Ltd	8486
2. Oakray Ltd	3600
3. Gracelands CMS Ltd	51468
4. Complete Building Services Ltd	57093

8. The tenderers were advised that their tender submissions were to be returned to the Civic Offices not later than 12 noon on Friday 12th October 2018.

9. The tenders were opened by the Housing Portfolio Holder, Service Director Housing & Property and a Committee Officer of Epping Forest District Council, on the 18th October 2018. The results of the tender opening were as follows:

Contractor;		Tender Sum £;	Position;
1.	Aston Heating Ltd	100,697.29	3 rd
2.	Oakray Ltd	Did Not Return	
3.	Gracelands CMS Ltd	60,030.63	1 st
4.	Complete Building Services Ltd	93,083.48	2 nd

10. A full Tender Evaluation Report was undertaken on all 3-tenders submitted. The Tender Evaluation Report included a weighted assessment of the tenderers' Quality Method Statement Questions and a weighted assessment of the tenderers' Cost Element Submission which included a full arithmetical check, a comparison of the tenderers' submitted schedule of rate items and the identification of any pricing inconsistencies or omissions.
11. As with all ad-hoc gas heating installations, upgrades and associated electrical works contracts, it is not possible to identify the quantity or type of work that is likely to be carried out. In order to identify, quantify and value the work undertaken, the contractors Cost Element Submission is built up from items contained in the price framework of the 5-Schedule of Rates that contain the specific items of work to be undertaken.
12. The combined scores of the tenderers Quality Method Statement Questions and the tenderers Cost Element Submissions, which have been evaluated strictly in accordance with the MEAT criteria and the results are set out in the table below:

Contractor;		Quality % Score;	Cost % Score;	Total % Score	Position;
1.	Aston Heating Ltd	24.17	46.23	70.39	2 nd
2.	Oakray Ltd	Did Not Return			
3.	Gracelands CMS Ltd	26.33	63.35	89.69	1 st
4.	Complete Building Services Ltd	13.08	53.60	66.68	3 rd

13. The most economically advantageous tender received was from Gracelands CMS Ltd, with a combined quality and price of 89.7%.
14. The budget for Gas Heating currently allocated in the Capital Programme 2018-19 is £1,492,000 and expenditure on the budget is split between the Planned Capital Programme for domestic and communal gas boiler replacements, void gas heating installations and ad-hoc gas heating installations, upgrades and associated electrical works.
15. Due to the ad-hoc nature of the works, the combined maximum value of the work undertaken by Gracelands CMS Ltd will be capped at the budget allocated within the existing Capital Programme, which is £1,492,000 in 2018/19, and £1,298,000 allocated in subsequent years.
16. Gracelands CMS Ltd has a good track record of working with the Council and providing both a quality service and value for money on a consistent basis.

17. It is therefore recommended that Gracelands CMS Ltd be awarded the 1-year contract renewable annually for up to a maximum of 4-further years, for the Ad-hoc Gas Heating Installations, Upgrades and Associated Electrical Work 2018-23, in sum of £60,030.63 with expenditure capped at the budget allocated within the Capital Programme and an overall weighted price and quality score of 89.7%.
18. A review of the Constructionline Supplier Report has been undertaken on the current membership of Gracelands CMS Ltd with Constructionline Registration Number; 51468 and a further review will be undertaken prior to the contract award.
19. It should be noted that when the contract is extended beyond the first year, all tendered schedule of rate items are to be increased annually in accordance with the Royal Institution of Chartered Surveyors (RICS) BCIS ALLCOS Resource Cost Index of All Construction: All Repair and Maintenance Work #7419.

Resource Implications:

£1,492,000 is currently allocated within the existing Capital Programme for Gas Heating 2018/19, with £1,298,000 allocated in subsequent years.

Legal and Governance Implications:

The financial expenditure is below that requiring an OJEU Procurement Exercise. Therefore, this tender complies with the requirements as set out in the Council's Procurement Rules

Safer, Cleaner and Greener Implications:

This programme of work provides a safer environment for all Council tenants to safely remain in their homes.

Consultation Undertaken: None

Background Papers:

A tender evaluation report for Contract 989 Ad-hoc Gas Heating Installations, Upgrades and Associated Electrical Work 2018-23.

Impact Assessments:

Risk Management:

A risk assessment has been undertaken which includes performance, quality, and health and safety risks.

A review of the Constructionline Supplier Report has been undertaken on the current membership of Gracelands CMS Ltd Constructionline Registration Number; 51468 has been completed and a further review will be undertaken prior to the contract award.

An additional financial check was undertaken by Accountancy on Gracelands CMS Ltd. The results for Gracelands CMS Ltd show the company have a strong financial standing and are capable of undertaking works up to significant values. As these works are issued under relatively low value individual HRP Works Order and are not settled until the works have been inspected and completed these works are considered a low risk.

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix 1 to the report.

Key Decision Reference (Y/N): N