

## Decision by Portfolio Holder



**Report reference: HSG-018-2018/19**  
**Date of report: 08-November-2018**

**Epping Forest  
District Council**

**Portfolio:** Housing – Cllr Syd Stavrou,  
**Author:** H Thorpe – Housing Assets Manager (Ext) 4162  
**Democratic Services:** J Leither (Ext) 4756  
**Subject:** Acceptance of Tenders - Planned Electrical Testing, Rewires and Upgrades 2018-23 to Council owned properties.

### Decision:

- (1) That Gracelands CMS Ltd and VSN Enterprises Ltd each be awarded the 1-year contract renewable annually for up to a maximum of 4-further years, for the planned electrical testing, rewires and upgrades to Council owned properties in the sum of £127,891.57 and £294,404.27 with an overall weighted price and quality score of 94.4% and 60.4% respectively;
- (2) That the overall value of the works between the two contractors be capped to the sum included in the Capital Programme identified for Electrical Rewires and Upgrades 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.

<b>ADVISORY NOTICE:</b> <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/ <del>do not approve</del> (delete as appropriate) the above decision:	
Comments/further action required: None	
Signed: Cllr S-A Stavrou	Date: 8 <sup>th</sup> November 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  N/A
<b>Office use only:</b> Call-in period begins: 9 <sup>th</sup> November 2018	Expiry of Call-in period: 15 <sup>th</sup> November 2018

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

**Reason for decision:**

The existing framework agreement with the current two contractors has reached the end of its term therefore it is necessary to undertake a procurement exercise based on the Most Economically Advantageous Tender (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 seek quotations on an individual basis for each electrical test, rewire and electrical upgrade on a planned programme. However, this is very time consuming and is not cost effective, and given the volume of planned electrical testing rewires and upgrades 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 two contractors for undertaking planned electrical testing, rewires and upgrades has reached the end of its term, and as such it is necessary to re-tender the works.
2. The introduction of the 18<sup>th</sup> Edition of the Institute of Electrical Engineering (IEE) Regulations BS7671:2018 will be effective from January 2019, and the Council require the electrical contractors to be working to this standard from the start of the contract.
3. Under the 18<sup>th</sup> Edition there is an onus on electricians, when undertaking electrical tests, to put right any electrical defects before leaving the property as opposed to previously making a recommendation to carry out improvements. The basis of this is to make sure the electrical installation is immediately made safe when an electrical defect is known. This means that when electrical contractors are undertaking electrical testing on behalf of the Council, it is incumbent of the Council to incorporate electrical upgrade work or a full rewire in the electrical testing programme.
4. In order to ensure a separation of duties, the Council has, in the past, appointed two contractors' one to undertake the electrical testing and minor upgrade works and the other contractor to undertake the major upgrade or full rewire work identified following the test. This separation of duties was to prevent one contractor from recommending and carrying out their own work.
5. Due to the growing need to undertake more electrical upgrade and rewiring work, and the necessity for the continued separation of duties the Council are seeking the appointment of two electrical contractors both capable of undertaking electrical testing, rewire and upgrade works.

6. With the appointment of two electrical contractors when the results of an electrical test recommend major electrical upgrade works or a full rewire is required the Council will have the option of issuing the work to either contractor maintaining the separation of duties and putting the control of issuing works back with the Council.
7. 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%.
8. 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%

9. 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 4 Schedules of Rates which make up the price framework.

Schedule of Rate Description;	Reference;	Maximum Score;
Electrical Testing and Upgrade Schedule of Rates;	01	20%
Domestic Electrical Rewire Matrix Schedule of Rates;	02	20%
NHF v7 Schedule of Rate Items;	03	20%
Office and Site Prelims and 'No Access' Proceedure;	04	10%
Total;		70%

10. Tenderers were required to provide individual costs for every schedule of rate item contained in the 4 schedules of rates even if the value of the item is a £0.00 cost. This will ensure a level and transparent tender exercise and the tenderer has considered and competitively priced every item.
11. 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.
12. Invitations to tender for the two contracts were issued on 28<sup>th</sup> August 2018 to the following 5 contractors who are registered on Constructionline and are experienced in undertaking this type of work.

Contractor;		Constructionline Registration Number;
1.	AJS Ltd	25078
2.	Aston Group Ltd	8486
3.	Gracelands CMS Ltd	51468
4.	SCCI Alphatrack Ltd	62614
5.	VSN Enterprises Ltd	55187

13. The tenderers were advised that their tender submissions were to be returned to the Civic Offices not later than 12 noon on Friday 28<sup>th</sup> September 2018.
14. The tenders were opened by the Leader of the Council and three representatives of Epping Forest District Council, the Director of Neighbourhoods, a Committee Officer and the Housing Assets Manger on the 3<sup>rd</sup> October 2018. The results of the tender opening were as follows:

Contractor;		Tender Sum £;	Position;
1.	AJS Ltd	£313,656.42	3 <sup>rd</sup>
2.	Aston Group Ltd	£369,700.59	4 <sup>th</sup>
3.	Gracelands CMS Ltd	£127,891.57	1 <sup>st</sup>
4.	SCCI Alphatrack Ltd*	£535,251.59	5 <sup>th</sup>
5.	VSN Enterprises Ltd	£294,404.27	2 <sup>nd</sup>

15. \*The tender submitted by SCCI Alphatrack Ltd contained a written qualification regarding the omission of the Contractors Quality Method Statement. While SCCI Alphatrack Ltd had submitted the Cost Element Submission of the tender the Contractors Quality Method Statement which also forms part of the MEAT procurement process was received late and under the Councils Procurement Rules was not included in the Tender Evaluation Report. It should be noted that despite the omission of the Contractors Quality Method Statement score it has not altered the overall result.
16. A full Tender Evaluation Report was undertaken on all 5-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.
17. As with all electrical testing, rewire and upgrade works contracts, it is not possible to identify the quantity or type of work that is likely to be carried out following the electric test. In order to identify, quantify and value the work undertaken, the contractors Cost Element Submission is built up from the price framework of the 4-Schedule of Rates that contain the specific items of work to be undertaken.
18. The price framework submitted by the Aston Group Ltd contained 68 unpriced schedule of rate items therefore the Cost Element Submission of the Aston Group Ltd will not be included in the Tender Evaluation. It should be noted that despite the omission of the contractors Cost Element Submission score, it has not altered the overall result.

19. 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 are set out in the table below:

Contractor;		Quality % Score;	Cost % Score;	Total % Score	Position;
1.	AJS Ltd	19.9	29.0	48.9	3 <sup>rd</sup>
2.	Aston Group Ltd*	25.3	00.0*	25.3	4 <sup>th</sup>
3.	Gracelands CMS Ltd	26.7	67.7	94.4	1 <sup>st</sup>
4.	SCCI Alphatrack Ltd*	00.0*	22.9	22.9	5 <sup>th</sup>
5.	VSN Enterprises Ltd	23.7	36.8	60.4	2 <sup>nd</sup>

20. The most economically advantageous tender received was from Gracelands CMS Ltd, with a combined quality and price score of 94.4% with VSN Enterprises Ltd submitting the second most economically advantageous tender with a combined quality and price score of 60.4%.

21. Due to the ad-hoc nature of the works identified following electrical tests, the combined maximum value of the work undertaken by each contractor will be capped at the budget allocated within the Capital Programme. The budget for Electrical Testing, Rewire and Electrical Upgrade works currently allocated in the Capital Programme 2018-19 is set annually at £450,000 per annum.

22. Gracelands CMS Ltd and VSN Enterprises Ltd have a good track record of working with the Council and providing both a quality service and value for money on a consistent basis.

23. It is therefore recommended that Gracelands CMS Ltd and VSN Enterprises Ltd each be awarded the 1-year contract renewable annually for up to a maximum of 4-further years, for the Planned Electrical Testing, Rewires and Upgrades to Council owned properties for in the sum of £127,891.57 and £294,404.27 with expenditure capped at the budget allocated within the Capital Programme and an overall weighted price and quality score of 94.4% and 60.4% respectively.

24. A review of the Constructionline Supplier Report has been undertaken on the current membership of Gracelands CMS Ltd and VSN Enterprises Ltd with Constructionline Registration Numbers; 51468 and 55187 respectively and a further review will be undertaken prior to the contract award.

25. 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:**

£1,038,000 is currently allocated within the existing Capital Programme for Electrical Rewiring 2018/19, with £450,000 expenditure 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 789 and 889 Planned Electrical Testing, Rewires and Upgrades 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 V.S.N Enterprises Ltd and Gracelands CMS Ltd Constructionline Registration Numbers; 55187 and 51468 respectively has been completed and a further review will be undertaken prior to the contract award.

The results of the additional financial checks carried out by Accountancy on V.S.N Enterprises Ltd and Gracelands CMS Ltd show both contractors are capable of undertaking works up to a value of £15,000 which is in excess of any electrical test rewire or upgrade works undertaken.

**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**