

Report to the Cabinet

Report reference: C-025-2019/20
Date of meeting: 06 January 2020



**Epping Forest
District Council**

Portfolio: Housing – Cllr Holly Whitbread

Subject: Acceptance of Tenders – Contract 390, Planned Gas and Renewable Energy Heating Installations and Associated Electrical Upgrade Work 2019-24 to Council-owned properties within Epping Forest District.

Responsible Officer: Haydn Thorpe (01992 564162).

Democratic Services: A Hendry (01992 564246).

Recommendations/Decisions Required:

- (1) That, Gracelands Complete Maintenance Services Ltd be awarded the 1-year contract renewable annually for up to a maximum of 4-further years, for the planned installation of gas and renewable energy heating and associated electrical upgrade work to Council-owned properties in the sum of £103,377.16 with an overall weighted price and quality score of 97.1%; and**
- (2) That Complete Building Services Herts Ltd be selected as the Council's Reserve Tenderer and that, should it not be possible to enter into contract with Gracelands Complete Maintenance Services Ltd for some reason, Complete Building Services Herts Ltd be awarded the 1-year contract renewable annually for up to a maximum of 4-further years, for the planned installation of gas and renewable energy heating and associated electrical upgrade work to Council-owned properties, being the second most economically advantageous tender received, with a Tender Sum of £187,311.93 with an overall weighted price and quality score of 64.4%; and**
- (3) That, the overall value of the works be capped to the allocated budgets included in the Capital Programme identified for Gas and Electrical Heating replacements on an annual basis; and**
- (4) 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.**

Executive Summary:

In order to undertake Planned Gas and Renewable Energy Heating Installations and Associated Electrical Upgrade Work to Council-owned properties during the financial year 2019-20 and over the following 4-year period, it was necessary to undertake a procurement exercise based on the Most Economically Advantageous Tender (MEAT) taking cost and quality into account and to satisfy the requirements of the Council's Procurement Rules.

Reasons for Proposed Decision:

The existing gas and electric heating installations installed in some Council-owned properties are in a poor condition and in need of replacement. Under the Decent Homes Standard gas and electric central heating are listed as “Key Building Components” and it is recognised that further deterioration could have an immediate impact on the integrity of the building and cause further deterioration in other building components. If gas and electric central heating boilers and components deteriorate further they have the potential to cause adverse health and safety implications.

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

(a) Planned gas heating installations require a programmed approach which is undertaken by the contractor and generally requires a designated Site Supervisor to oversee the project and manage the planning of the works along with a Resident Liaison Officer (RLO) who will manage Council tenants’ expectations, with both roles provided by the contractor. Planned works generally consist of a full gas central heating system replacement due to the age and condition of the existing system.

(b) Ad-hoc gas, renewable energy and electrical heating installations require a different responsive approach to the work undertaken by the contractor, in some instances, an emergency response is necessary. The extent of the work varies and could be limited to a gas boiler replacement and system control upgrade. With ad-hoc gas, renewable energy and electrical heating installations the tenant is generally aware that the works are necessary. This ad-hoc response means that project planning and the RLO are not necessary and do not form part of this tender approval report. However, having the resources available for gas and electrical heating installations at short notice is essential.

The existing framework agreement for planned gas, renewable energy and electric heating installations 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.

Other Options for Action:

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 the works 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. In order 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 planned and ad-hoc gas and electric heating installations.

(4) To seek quotations on an individual basis for every planned gas, renewable energy and electric heating replacement project. However, this is very time consuming and is not a cost-effective exercise, and given the volume of planned gas and electric heating replacement projects 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.

Report:

1. The existing contract for Planned Gas and Renewable Energy Heating Installations and Associated Electrical Upgrade Work to Council-owned properties has reached the end of its term and therefore it is necessary to re-tender the works.
2. The total budget for Gas Heating in the Capital Programme 2019-20 is £932,000 and expenditure on the budget is split between planned and ad-hoc gas heating installations.
3. The total budget for Electrical Heating in the Capital Programme 2019-20 is £20,000 and expenditure on the budget is split between renewable energy and electrical heating installations.
4. A tendering exercise has been undertaken for the Planned Gas and Renewable Energy Heating Installations and Associated Electrical Upgrade Work to Council-owned properties and the tender is based on a 5-year planned programme of work.
5. Incorporating the lessons learnt from previous contracts, the Council has undertaken a tender exercise in accordance with the Council's Procurement Rules, based on and assessed in terms of the MEAT with the criteria based on quality and cost. The qualitative responses made up 30% of the overall tender evaluation with cost representing 70%.
6. Tenderers were advised that the qualitative assessment would be based on a possible maximum total score of 30% which is split across a set of weighted quality assessment 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%

7. Tenderers were also advised that the Cost Element Submission of the tender would be based on a possible total maximum 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;
Planned Gas Heating Installations Schedule; Planned Gas Heating Electrical Schedule; Planned Gas Heating Installation Examples;	01	50%
Air Source Heating Installations Schedule; Air Source Heating Example;	02	5%
Electric Heating Installation Schedule; Electric Heating Example;	03	10%
NHF v7 Schedule of Rates Variance Heating Schedule;	04	4%
'No Access' Schedule;	05	1%
	Total;	70%

8. Tenderers were required to provide individual costs for every schedule of rate item contained in the 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 that the tenderer has considered and competitively priced every item.
9. The contract, initially for a period of one-year, is renewable annually up to a maximum of five-years, subject to the budget allocation within the Capital Works Programme and the contractor's performance and quality of workmanship.
10. Invitations to tender were issued by the Service Manager Property and Maintenance on the 16th July 2019, to the following 5 contractors who are registered on Constructionline and are experienced in undertaking this type of work.

Contractor;	Constructionline Registration Number;
1. Purdy Contracts Ltd;	41326
2. Gracelands Complete Maintenance Services Ltd;	51468
3. Robert Heath Heating Ltd;	27732
4. Complete Building Services Herts Ltd;	57093
5. PH Jones Limited;	25685

11. The tenderers were advised that their completed scanned Tender Submission for the Planned Gas and Renewable Energy Heating Installations and Associated Electrical Upgrade Work 2019-24, must be uploaded into the Delta eSourcing Tender-box no later than 12 o'clock midday on Friday 16th August 2019.
12. The tenders were opened on the 22nd August 2019, through the Delta eSourcing platform, and present at the tender opening were the Housing Portfolio Holder and three representatives of Epping Forest District Council, a Committee Officer, the Service Manager Property Maintenance and the Team Manager Operational Assets and Compliance.

13. Invitations to tender were sent to 5-Contractors, and 3-Contractors uploaded tender return documents into Delta eSourcing Tender-box before the return date and time. The results of the tender opening based only on the Contractors Cost Element Submission is shown in the table below:

Contractor;		Tender Sum £;	Position;
1.	Purdy Contracts Ltd;	188,399.90	3 rd
2.	Gracelands Complete Maintenance Services Ltd;	103,377.16	1 st
3.	Robert Heath Heating Ltd;	Did not return	
4.	Complete Building Services Herts Ltd;	187,311.93	2 nd
5.	PH Jones Limited;	Did not return	

14. 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.
15. The combined scores of the tenderers' Quality Method Statement Questions and the tenderers' Cost Element Submissions, have been evaluated strictly in accordance with the MEAT criteria referenced. The results are set out in the table below:

Contractor;	Quality % Score;	Cost % Score;	Overall % Score;	Tender Result;
Purdy Contracts Ltd;	22.1	41.9	64.0	3rd
Gracelands Complete Maintenance Services Ltd;	27.1	70.0	97.1	1st
Robert Heath Heating Ltd;				
Complete Building Services Herts Ltd;	17.2	47.2	64.4	2nd
PH Jones Limited;				

16. It is therefore recommended that Gracelands Complete Maintenance Services Ltd, be awarded the contract for the Planned Gas and Renewable Energy Heating Installations and Associated Electrical Upgrade Work 2019-24 to Council-owned properties within Epping Forest District with annual expenditure limited to the budget included in the Capital Programme, for up to a maximum of 5-years in the sum of £103,377.16 being the most economically advantageous tender received with overall percentage figures for Cost and Quality totalling 97.1%.
17. A review of the Constructionline Supplier Report has been undertaken on the 24th October 2019, which includes a financial credit check on Gracelands Complete Maintenance Services Ltd. The outcome revealed that in the latest set of financial accounts Gracelands Complete Maintenance Services Ltd has a turnover of £8,735,541. A further Financial Health Check Report was run this year on Gracelands Complete Maintenance Services Ltd, who achieves a 4-star Commercial Delphi Rating and their Credit Values and Financial Stability Assessments show that they are a low risk. A further Constructionline Supplier Report will be undertaken prior to the contract award.

18. Gracelands Complete Maintenance Services Ltd is an experienced contractor with a good track record of working with the Council, providing both a quality service and value for money on a consistent basis. Gracelands Complete Maintenance Services Ltd, are currently working with the Housing Repairs Service as they are one of the current Voids contractors and with Housing Assets on similar ad-hoc gas heating installation works to Council owned domestic properties.
19. In order to mitigate the risk of the Council not being able to enter into a contract with Gracelands Complete Maintenance Services Ltd for whatever reason, or if in the future they cease trading or perform poorly, it is recommended that Complete Building Services Herts Ltd be selected as the Council's Reserve Tenderer for planned installation of gas and renewable energy heating and associated electrical upgrade work to Council-owned properties, and awarded an annual contract for up to 5-years, being the second most economically advantageous tender received, with a Tender Sum of £187,311.93 and overall percentage figures for Cost and Quality totalling 64.4%.
20. 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:

£932,000 is currently allocated within the existing Capital Programme for Gas Heating 2019-20, for planned and ad-hoc gas heating installations and upgrades with £1,200,000 allocated in subsequent years.

£19,000 is currently allocated within the existing Capital Programme for Electrical Heating 2019-20, for ad-hoc electrical and renewable energy heating installations with £20,000 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 remain safely in their homes.

The Council resolved to declare a Climate Emergency at its meeting on 19 September 2019 and pledged to do everything within its power to make Epping Forest District Council area carbon neutral by 2030. The work carried out under the Planned Gas and Renewable Energy Heating Installations and Associated Electrical Upgrade Work 2019-24 contract will contribute towards the Council meeting its carbon neutral target by reducing carbon emissions from its housing stock.

To maintain and improve the Council's properties and to increase the properties' energy efficiency and the average SAP rating.

Consultation Undertaken:

None

Background Papers:

A Tender Evaluation Report for Contract 390 - Planned Gas and Renewable Energy Heating Installations and Associated Electrical Upgrade Work 2019-24, to Council-owned properties.

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 Gold Constructionline Membership of Gracelands Complete Maintenance Services Ltd, Registration Number; 51468 and a further review will be undertaken prior to the contract award.

A Financial Health Check Report was run this year on Gracelands Complete Maintenance Services Ltd, who achieves a 4-star Commercial Delphi Rating and their Credit Values and Financial Stability Assessments show that they are a low risk.

As these works are issued under relatively low value individual HRP Works Orders and the contractors invoices are not settled until the works have been inspected and completed these works are therefore considered to represent a low financial risk to the Council.