

Report of: Contracts Project Manager

Report to: Chief Officer Property and Contracts

Date: 10/09/2015

Subject: Proposals to award a new contract to provide the replacement of obsolete 'Point of Sale' and individual metering equipment for high rise flats at Ebor and Saxton Gardens

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): Burmantofts and Richmond Hill		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, Access to Information Procedure Rule number: 10.4.3 Appendix number: 1 <i>If the information is exempt rather than confidential, the public interest test should be addressed under 'Legal Implications, Access to Information and Call-In' in section 4.</i>		

Summary of main issues

1. In January 2015 the Director of Environment and Housing approved the request to procure a new contract to undertake a procurement of a new contract for the replacement of obsolete 'Point of Sale' and individual metering equipment for high rise flats at Ebor Gardens and Saxton Gardens including the service of managing billing and reporting from these meters through using separate Materials and Installation Contracts – with Smart Prepayment Meters to be procured from the Re:allies Materials Framework (via the Efficiency North Framework partnership) and the installation of same procured via the Efficiency North Elemental Works Framework Lot 18 (Gas Heating £100k+).
2. The proposed contract will provide a long term solution and a variety of energy purchasing options combined with a new 'Smart' prepayment metering system to individual properties within 9 high rise blocks at Ebor and Saxton Gardens. The proposed contract will enable the replacement of the existing heat meters and alleviate the over-reliance on the existing Point of Sale (ENR-G Switch2) outlets which are becoming obsolete.
3. The purpose of the report is to seek approval to award this contract following a mini tender process utilising the Efficiency Elemental Framework - Lot 18 (Gas Heating £100k+) for the installation works of Smart Prepayment Meters which will to be

procured directly from the approved Re:allies Materials Framework (via the Efficiency North Framework partnership).

Recommendations

The Chief Officer of Property and Contracts is recommended to note the contents of this report and approve the award of a new contract to Denton & Nichols to replace the existing Heat meters within 9 high rise blocks at Ebor and Saxton Gardens.

1 Purpose of this report

- 1.1 The purpose of this report is to seek approval to award a new contract to replace the obsolete heat meters to nine high rise blocks in the Burmantofts and Richmond Hill wards.
- 1.2 The contract is proposed to commence mid October 2015 with a contract period of 16 weeks.
- 1.3 The contract value is £ 451,076.72.

2 Background information

- 2.1 The Housing Leeds capital programme was approved in February 2015 and included a provision to undertake the replacement of obsolete heat meters in high rise blocks in the east area of Leeds. These essential works were identified as high priority due to the existing Point of Sales equipment (originally supplied by ENR-G Switch2), plus the individual meters becoming obsolete and replacement parts subsequently becoming increasingly difficult to obtain, with no new parts being manufactured.
- 2.2 The procurement route to utilise the Efficiency North Elemental Framework (Lot 18 (Gas Heating £100k+)) was approved on 23 January 2015 by the Director of Environment and Housing.
- 2.3 The project's original construction budget was estimated to be £272,000 based on the pre-tender estimates prepared by the Project team within Housing Leeds.
- 2.4 Detailed specifications were prepared by the project team and included requirements to replacement of the existing Switch2 G3 prepayment meters with new Switch2 G6 prepayment meters to 540 flats over 2 sites, Ebor Gardens and Saxton Gardens.
- 2.5 In March 2015, Efficiency North sought expressions of interest from framework contractors. Four contractors expressed an interest in tendering for the works at that point.

3 Main issues

- 3.1 The project tender documentation was issued to the four tenderers via Yortender on 20th April 2015. Tender submissions were received on 20th May 2015.
- 3.2 There were no tender amendments issued and no requests were received for extensions to the tender period.
- 3.3 One tenderer failed to submit a tender. Therefore, the three tenders received on 20 May 2015 from Denton and Nickels, Aqua Interior (V & T Plumbing) and Yorkshire Plumbing & Heating Services are valid.
- 3.4 Tenders received were scored on a 70% cost and 30% quality basis. Details of the process and the scoring mechanism were issued as part of the tender documentation.

3.5 Tenderers were required to complete and provide all information in accordance with the project instructions for tendering. The project team members evaluated each tenderer individually and then met to reach a consensus score.

3.6 Tenderers were asked to respond to eight qualitative questions covering five areas (set out below), including submitting information and supporting documents as part of their tender.

- Programme for Completion
- Site Set Up
- Organisation and Experience
- Access Arrangement and Health & Safety
- Quality of workmanship and Defects

3.7 The evaluation of the tenderers' responses, to the quality criteria requirements, was completed by the project tender evaluation panel and quality scores awarded to each tenderer. The highest quality score received was awarded 100 points. The remaining tenders' quality score was then calculated as a percentage of the highest score to one decimal point.

3.8 The scores awarded following the quality evaluation were as following

Tenderer	Evaluation Team Consensus score	Quality Points Awarded %
Denton & Nickels	2190	96.9
Aqua Interior (V & T Plumbing)	2065	91.37
Yorkshire Plumbing & Heating Services	2260	100

3.9 The tender price evaluation was undertaken independently by the Housing Leeds Commercial Team within Property Contracts. Details of the tender submissions are set out in the confidential appendix (Appendix 1) attached to this report. The summary of the points awarded to the three tender submissions received are as follows:

Tenderer	Price Score	Price Points awarded %
Denton & Nickels	70.00	100.0
V & T Ltd (Trading as Aqua Interiors)	65.64	93.77
Yorkshire Plumbing & Heating Services	62.54	89.34

3.10 The combined final score when considering the sum of 70% of the points awarded for cost and 30% of the points awarded for quality is as follows:

Tenderer	Quality Score	Price Score	Total Score	Rank
Denton & Nickels	29.07	70.00	99.07	1
V & T Ltd (Trading as Aqua Interiors)	27.41	65.64	93.05	2
Yorkshire Plumbing & Heating Services	30.00	62.54	92.54	3

Heating Services				
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- 3.11 The original approved project budget was £272,000. It has been established that this budget was based on supply and commissioning (but not installation) of T230 Heat Meters and G6 Prepayment Meters.
- 3.12 The recommended tender is £451,076.72 and has been confirmed as complete, comprehensive and fully compliant. This is £179,076.72 (66%) above the budget. However the works are deemed to be essential works by Housing Leeds as, due to the obsolete nature of the current meters, there is a risk that the tenants will be left with no heating or 'free' heating, funded by Housing Leeds. The Property and Contracts Planned Works Team have confirmed that the budget will be increased to enable these critical works to be undertaken.
- 3.13 Therefore based on the outcome of the total scores, it is proposed that the contract is awarded to Denton and Nickels.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 Local ward members within the Burmantofts and Richmond Hill were notified of the proposals to procure a new contract for the replacement of the existing Switch2 G3 prepayment meters with new Switch2 G6 prepayment meters to 540 flats over 2 sites, Ebor Gardens and Saxton Gardens.
- 4.1.2 Leaseholders and tenants within the blocks impacted by this work have been involved as part of the routine consultation prior to the contract being procured and starting on site. All Leaseholders have been issued the necessary notifications which are legally required and no adverse comments have been received.
- 4.1.3 Officers within PPPU, Property and Contracts and Housing Management have been involved in the development of the proposals for procurement of the new contract.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 The Equality, Diversity, Cohesion and Integration Screening document has been considered and completed. No adverse or otherwise impacts have been identified.

4.3 Council policies and the Best Council Plan

- 4.3.1 It is paramount that procurement within Leeds City Council is undertaken with a view to ensure openness, transparency and fairness. As such, the proposed works project was procured in line with Leeds City Council's Contract Procedure Rules.
- 4.2.2 The works undertaken by the contract will contribute to the key City Priorities of 'Improving Housing Conditions' and help maintain properties in good repair condition'.

4.4 Resources and value for money

- 4.4.1 This procurement exercise has been designed to not only test the market for contractors with the relevant technical knowledge, competency, experience to provide the type of services to the standards set by Leeds City Council but also to benchmark and market test value for money for the provision of these services

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 This tender opportunity was conducted through a mini tender through the Efficiency Elemental Framework - Lot 18 (Gas Heating £100k+) for the installation works of Smart Prepayment Meters. The procurement of the Smart Prepayment Meters is to be procured directly from the approved Re:allies Materials Framework (via the Efficiency North Framework partnership). The Efficiency North Elemental Framework has been procured in accordance with the Public Contracts Regulations and is available for use by the Council.
- 4.5.2 The tender has been evaluated in accordance with the evaluation criteria set out in the tender documents and therefore, provided the works are still required and affordable; the contract must be awarded to the winning bidder. Thus, in making the final decision, the Chief Officer of Property and Contracts should be satisfied that awarding this contract to Denton and Nickels represents best value.
- 4.5.3 The decision on the award of contract is not a Key Decision and is not subject to call in due to the fact that the contract procurement decision being previously subject to the Call in process.
- 4.5.4 Appendix 1 of this report is exempt under the Access to Information Procedure Rules 10.4.3 as this contains commercially sensitive tender information relating to the organisations involved.

4.6 Risk Management

- 4.6.1 A contract risk register will be developed as part of the contract implementation as required by the NEC ECC Option A contract which will highlight all risks and register how contract risks will be managed.

5 Conclusions

- 5.1 The Replacement of Heat meters project has been procured through a competitive tendering process via the use of an approved framework.
- 5.2 This report outlines the results of this process and recommends the award of a contract to the winning contractor based on the tender evaluation price / quality model.
- 5.3 The project has gone through the required leaseholder consultation and the appropriate governance protocols.

6 Recommendations

- 6.1 The Chief Officer for Property and Contracts is recommended to:
- a. Note the contents of this report and approve the award of a new contract to Denton & Nichols to replace the existing Heat meters within 9 high rise blocks at Ebor and Saxton Gardens.
 - b. Note that the officer responsible for implementation of the decision is Robert Munden
 - c. Note that the proposed timescales for implementation of this decision is from 17 September 2015
 - d. To note that Project Manager in Housing Leeds has produced a Contract Management Plan as required by Contracts Procedure Rule

7 Background documents¹

7.1 Appendix 1 – Tender Analysis Report

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.