

**Report of:** Property and Contract Chief Officer

**Report to:** Director of Environment and Housing

**Date:** 20<sup>th</sup> September 2016

**Subject: Proposal to award a new contract for the supply of steel materials, galvanising and powder coating services**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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? If relevant, Access to Information Procedure Rule number: 10.4(3) Appendix 1, 2, 3 & 4 to this report has been marked as exempt under Access to Information Procedure Rules 10.4 (3) on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) which, if disclosed to the public, would, or would be likely to prejudice the commercial interests of that person or of the Council. The information is exempt if and for so long as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. In this case the report author considers that it is in the public interest to maintain the exemption.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

### Summary of main issues

1. On 19 May 2016 the Director of Environment and Housing approved the request to procure a new contract for the supply of steel materials, galvanising and powder coating services.
2. The proposed contract will establish a framework agreement for the provision of steel materials, galvanising and powder coating services where there will be multiple contractors appointed to four Lots of the agreement. This will ensure the goods that are to be supplied can be sourced in accordance with the needs of the Council's Internal Service Provider (ISP), Leeds Building Services, and associated clients.
3. The current contract for the provision of steel materials, galvanising and powder coating services expires on 30<sup>th</sup> September 2016 with no further option to extend.
4. Following a competitive tender process and evaluation of the submissions received, the purpose of the report is to seek approval to award this contract to a number of contractors across four Lots.

5. The decision to award the contract is a Significant Operational Decision and is therefore not subject to call in.

### **Recommendations**

The Director of Environment and Housing is recommended to note the contents of this report and approve the appointment to the framework agreement for the provision of steel materials, galvanising and powder coating services to multiple contractors named in this report across four Lots of the agreement, with a commencement date of 1<sup>st</sup> October 2016.

## **1 Purpose of this report**

- 1.1 The purpose of this report is to seek approval to award a new framework agreement for the supply of steel materials, galvanising and powder coating services.
- 1.2 The agreement is proposed to commence on 1<sup>st</sup> October 2016 with a proposed contract period of 2 years with a further 2 x 12 month extensions available.
- 1.3 The maximum contract value is approximately £800,000 (£200,000 per annum).
- 1.4 The successful tenderers have submitted bids which have scored the highest on the basis of the tender evaluation criteria based on a combination of price and quality at a ratio of 60 % price /40% quality as set out in the tender documents.

## **2 Background information**

- 2.1 This framework agreement will replace the current agreement. It will allow Leeds Building Services to continue delivering services to Council departments as an Internal Service Provider, specifically with regards to steel materials, galvanising and powder coating services.
- 2.2 This will also ensure Council departments are able to approach Leeds Building Services in line with Contract Procedure Rule 3.1.4, and will support the internal service provider to meet the varied needs of its client groups, contributing to best value being achieved for the authority.
- 2.3 Leeds Building Services Engineering Section are Leeds City Councils' in-house service provider for metalwork and fabrication services that includes the supply and fitting of metal gates, metal fencing, external metal handrails and ad-hoc metal fabrication items. This also supports the Leeds Building Services Lifts Section in the fabrication of obsolete replacement lift parts in the servicing and maintenance of Leeds City Councils' lifts.
- 2.4 This service is provided to other LCC clients such as Corporate Property Management who look after day centres, training centres, residential / nursing homes, day centres and children's' homes. The section also provide a metalwork fabrication service to Housing Leeds who manage LCC's housing stock, supplying and fitting various types and styles of metal gates, metal fencing, external metal handrails, waste chute covers to residential multi-story flats household waste disposal systems.
- 2.5 In providing the metalwork and fabrication service, the division is supported by suppliers of steel stock, metal gate and metal fencing fabricators and galvanising and powder coating services.
- 2.6 The procurement route was approved in May 2016. The route selected was an open procedure which adhered to both Public Contract Regulations 2015 (Regulations), and the councils' Contract Procedure Rules. The aim was to produce a framework agreement with multiple lots, and multiple suppliers within these Lots.
- 2.7 The new contract will be to deliver:

Lot 1 – The provision of steel materials that include bars and products for the manufacture and fabrication of metal gates, fencing and other metal products.

Lot 2 – The provision of prefabricated metal gates.

Lot 3 – The provision of a galvanising coating services for prefabricated metal products.

Lot 4 –The provision of a powder coating services for prefabricated metal products.

### **3 Main issues**

3.1 The tender documentation was issued through the councils' tender portal, in YORtender on 10<sup>th</sup> August 2016 and the closing date was 14<sup>th</sup> September 2016.

3.2 Five tenders were subsequently received. The evaluation panel consisted of representatives from Leeds Building Services and Performance & Commissioning Team.

3.3 The tenders were scored on a 60% price basis and a 40% quality basis. Details of the process and the scoring mechanism were issued to the tenderers as part of the tender documentation.

3.4 The evaluation model informed the contractors that they must achieve a minimum of 40% of the overall quality score available. Any tenderers failing the quality criteria would be excluded from this tender exercise.

3.5 Tenderers were required to complete and provide all information in accordance with the project instructions for tendering. The evaluation panel reviewed each tender submission and objectively assessed the extent to which each tenderer met each of the specified evaluation criteria. The panel agreed scores for each criteria to ensure the evaluation criteria were consistently applied, with the final score for each bidder being a consensus score.

3.6 An 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.

3.7 The panel evaluated the PQQ submissions, all five submissions exceeded the minimum thresholds required to move onto the tender evaluation stage.

3.8 The tender price evaluation was undertaken independently by the Projects, Programmes and Procurement Unit (PPPU) Officers.

3.9 Details of the results of the tender evaluation process for all submissions for price and quality are set out in the confidential appendices (Appendix 1, 2, 3 & 4) attached to this report.

3.10 As the tender documentation stated, these scores were then apportioned out of 60% (600) of the points awarded for price and 40% (400) of the points awarded for quality. This gave the following scores as outlined in the table below and it is recommended to appoint the following organisations to the framework agreement:

## Summary of tender evaluation:

**Lot 1 – The provision of steel materials that include bars and products for the manufacture and fabrication of metal gates, fencing and other metal products.**

<b>Tenderer</b>	<b>Price Score</b>	<b>Quality Score</b>	<b>Total Score</b>	<b>Rank</b>
GHE Stansfeld	600.00	327.50	927.50	1 (successful)
John S Shackleton	397.12	355.00	752.12	2 (successful)
Philford Design	529.18	190.00	719.18	3 (successful)
Brailsford Brothers Ltd.	65.80	240.00	305.80	4 (unsuccessful)

## Lot 2 – The provision of prefabricated metal gates.

<b>Tenderer</b>	<b>Price Score</b>	<b>Quality Score</b>	<b>Total Score</b>	<b>Rank</b>
Garden Gate Services Ltd	600.00	262.50	862.50	1 (successful)
GHE Stansfeld	46.15	327.50	373.65	2 (successful)
John S Shackleton	0.00	355.00	355.00	3 (successful)
Brailsford Brothers Ltd.	0.00	240.00	240.00	4 (unsuccessful)
Philford Design Engineers Ltd.	0.00	190.00	190.00	5 (unsuccessful)

## Lot 3 – The provision of a galvanising coating services for prefabricated metal products.

<b>Tenderer</b>	<b>Price Score</b>	<b>Quality Score</b>	<b>Total Score</b>	<b>Rank</b>
Brailsford Brother Ltd	600.00	240.00	840.00	1 (successful)
Philford Design Engineers	200.00	190.00	390.00	2 (successful)

## Lot 4 – The provision of a powder coating services for prefabricated metal products.

<b>Tenderer</b>	<b>Price Score</b>	<b>Quality Score</b>	<b>Total Score</b>	<b>Rank</b>
Brailsford Brother Ltd	600.00	240.00	840.00	1 (successful)

## 4 Corporate Considerations

### 4.1 Consultation and Engagement

4.2 Officers within PPPU have been consulted on the tender outcomes and support the proposals set out within this report.

4.2.1 No consultation has taken place with key stakeholders as to whether the contract should be awarded to the winning bidder or not as this is determined by the evaluation of the tender received.

### 4.3 Equality and Diversity / Cohesion and Integration

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

### 4.4 Council policies and the Best Council Plan

4.4.1 It is paramount that procurement within Leeds City Council is undertaken with a view to ensure openness, transparency and fairness. As such the procurement of the provision of supply of steel materials, galvanising and powder coating services was procured in line with Leeds City Council's Contract Procedure Rules and the Regulations.

4.4.2 The works undertaken through the framework agreement will contribute to the key City Priorities by working towards becoming a more efficient and enterprising Council, and working as a team for Leeds.

#### **4.5 Resources and value for money**

4.5.1 This procurement exercise has been designed to not only test the market for contractors with the relevant technical knowledge, competency, experience who can provide the relevant 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. This report proposes that the highest scoring contractors, ranked against the tender criteria, are appointed to the framework agreement.

4.5.2 The project team was consistent throughout the procurement process with representation from Property and Contracts, Environment and Housing and the Projects Programmes and Procurement Unit. Due diligence was undertaken on price to ensure that the contract values are realistic and sustainable.

4.5.3 The project team has also interrogated the pricing scores for lot 2. The prices for the Supplier ranked highest are considerably lower than the other prices submitted so these were interrogated in order to ensure that they were not unrealistically low. The prices submitted, whilst considerably lower than the other bids received are the same as those we are currently paying. Also with the highest rank tender receiving orders for the products on the pricing schedules, with the other suppliers being utilised for back up where capacity issues may occur and to be included in mini-competition exercises the council will be able to balance the need to obtain value for money with a consistency of supply.

#### **4.6 Legal Implications, Access to Information and Call In**

4.6.1 The award decision will be a significant operational decision and is therefore not subject to call in.

4.6.2 The tender has been evaluated in accordance with the evaluation criteria set out in the tender documents and therefore, provided the supplies are still required and affordable, the winning bidders must be appointed to the framework agreement in rank order. Thus, in making the final decision, the Director of Environment and Housing should be satisfied that this framework agreement represents best value for the Council.

4.6.3 Appendix 1, 2, 3 & 4 of this report are exempt under the Access to Information Procedure Rules 10.4.3. The public interest in maintaining the exemption in relation to the confidential Appendices outweighs the public interest in disclosing the information and financial details which, if disclosed would adversely affect the business of the Council and the business affairs of the organisations involved.

#### **4.7 Risk Management**

4.7.1 A project risk register was developed as part of the pre-tender phase and will be further developed as part of the contract implementation.

- 4.7.2 A Contract Management Plan has been prepared in line with CPR 3.1.16 by the Contract Manager.

## **5 Conclusions**

- 5.1 The procurement process undertaken has been in accordance with the Council's Contracts Procedure Rules and the Regulations, with full guidance and support from the Projects, Programmes and Procurement Unit.
- 5.2 Following the competitive tender evaluation process of all 5 submissions a clear rank order of suppliers has been established taking into consideration both Quality and Price submissions. Therefore this represents the most economically advantageous tenders for this framework agreement.
- 5.3 This report outlines the results of this process and recommends the appointment of the winning contractors to the framework agreement based on the tender evaluation price / quality model.

## **6 Recommendations**

The Director of Environment and Housing for Housing Leeds is recommended to:

- 6.1 Note the contents of this report and approve the appointment to the framework agreement for the provision of steel materials, galvanising and powder coating services to multiple contractors named in this report across four Lots of the agreement, with a commencement date of 1<sup>st</sup> October 2016.
- 6.2 To note that the officer responsible for implementation is Les Thompson.

## **7 Background documents<sup>1</sup>**

- 7.1 Appendix 1 – Confidential Tender Analysis – Lot 1
- 7.2 Appendix 2 – Confidential Tender Analysis – Lot 2
- 7.3 Appendix 3 – Confidential Tender Analysis – Lot 3
- 7.4 Appendix 4 – Confidential Tender Analysis – Lot 4

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<sup>1</sup> 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.