

Report of: Property and Contract Chief Officer

Report to: Director of Resources and Housing

Date: 22/05/2017

Subject: Proposal to award a new contract for the provision of Leeds Building Services to deliver Mechanical Services.

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|---------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|----------------------------------------|
| 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 | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |

Appendix 1, 2, 3, 4, 5, 6, & 7 of this report are exempt under the Access to Information Procedure Rules 10.4.3 as this contains commercially sensitive tender information relating to the organisations involved.

Summary of main issues

1. On 29th July 2016 the Director of Environment and Housing authorised a request to progress the procurement of a new contract for the provision of Leeds Building Services, the Councils' internal service provider to deliver Mechanical Services.
2. The proposed contract will establish a framework agreement where there will be multiple contractors appointed to seven Lots of the agreement. This will ensure the service requirements can be sourced in accordance with the needs of the Council's internal service provider, Leeds Building Services, and associated clients.
3. The current contract for the provision of mechanical services expired on 21st January 2017 with no further option to extend. On 3rd January 2017 the Director of Environment & Neighbourhoods agreed to the waiver of Contract Procedure Rules 8.1 and 8.2 for intermediate value procurements and to enter into a new contract based upon the existing terms with the current providers without competition to enable a competitive procurement to be completed. This agreement was agreed for a period of 4 months from 22nd January 2017 to 21st May 2017 with the option to extend for a further 6 months if required.
4. The extension to the waiver was utilised and approved by the Chief Officer of Property and Contracts on 3rd May 2017, this was to allow an adequate mobilisation period, and ensure that mobilisation was not being undertaken during peak times of the contract, during school holidays.

5. Following a competitive tender process and evaluation of the submissions received, the purpose of this report is to seek approval to award this contract to a number of contractors across the seven Lots.
6. The new contract will commence on 22nd September 2017.
7. The decision to award the contract is a Significant Operational Decision.

Recommendations

The Director of Resources and Housing is recommended to note the contents of this report and approve the appointment of multiple suppliers to the framework agreement across seven Lots. This is for the provision of Leeds Building Services delivering Mechanical Services, with a commencement date of 22nd September 2017.

1 Purpose of this report

- 1.1 The purpose of this report is to seek approval to award a new framework agreement for the provision of Leeds Building Services to deliver Mechanical Services.
- 1.2 The agreement is proposed to commence on 22nd September 2017 with a proposed contract period of 2 years with a further 2 x 12 month extensions available.
- 1.3 The contract value is approximately £2,760,000.
- 1.4 Following the evaluation of the submitted bids, using a price/quality ratio of 50/50 and the tender evaluation criteria set out in the tender documentation this report seeks to authorise appointing the suppliers set out in section 3.8 of this report to the framework agreement.

2 Background information

- 2.1 Leeds Building Services Mechanical section provide Mechanical services to various Leeds City Council internal teams that include Corporate Property Management, Children's Services and Housing Leeds. The service covers a wide variety of buildings portfolio in terms of type and use which includes schools, leisure centres, training centres, offices, public buildings, residential / nursing homes, day centres, children's' homes, council sheltered housing and multi storey flats.
- 2.2 The service is presently supported by a number of specialist Mechanical contractors and the intention of the procurement exercise was to implement a framework agreement that will facilitate and secure the provision of these specialist Mechanical contractors.
- 2.3 This framework will replace the current contractual agreements. It will allow Leeds Building Services to continue delivering services to Council departments as an Internal Service Provider, specifically with regards to delivering Mechanical Services.
- 2.4 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.
- 2.5 The framework will deliver the following seven Lots:

Lot 1 – The servicing, repair and maintenance of air conditioning units

Lot 2 – The supply and installation, repairs and maintenance of commercial catering kitchen ventilation systems.

Lot 3 – The design, supply and installation and repairs of boiler flue systems.

Lot 4 – The supply, installation and repair of insulation to ductwork and pipe- work on commercial heating systems.

Lot 5 – The installation repairs and maintenance of pumps, to commercial heating systems, domestic hot /cold water systems and pressurised cold water systems.

Lot 6 – Commercial gas heating systems, installation, repairs and maintenance.

Lot 7 – Underground gas, heating and water services installation and repair.

2.6 The procurement route was approved in July 2016, this was an open procedure adhering to the Public Contract Regulations 2015 (Regulations), as well as the councils' Contract Procedure Rules. The model approved was a framework agreement with multiple lots, and multiple contractors within each lot.

3 Main issues

3.1 The tender documentation was issued through the councils' tender portal in YORtender with a closing date of 25th January 2017.

3.2 16 tenders were subsequently received. However, one of these was non-compliant due to an incomplete price submission, quality was still assessed to allow feedback to be shared, however their bid will not be considered for award. The evaluation panel consisted of representatives from Leeds Building Services (one Business Manager and two Operational Officers) and Property & Contracts (Senior Compliance Officer to evaluate the Health and Safety questions). The evaluation process was overseen by a Senior Procurement Project Officer from Projects, Programmes and Procurement Unit (PPPU).

3.3 The tenders were scored on a 50% cost and 50% quality. Details of the process and the scoring mechanism were issued to the tenderers as part of the tender documentation. A minimum threshold for the overall quality scores was set at 40%. Three tenders failed to meet this threshold and were excluded from the tender exercise.

3.4 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.

3.5 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.

3.6 The tender price evaluation was undertaken independently by a Quantity Surveyor in the Commercial Team within Property & Contracts.

3.7 Details of the results of the tender evaluation process for all submissions for price and quality are set out in the confidential appendices attached to this report.

3.8 As the tender documentation stated these scores were then apportioned out of 50% (500) of the points awarded for cost and 50% (500) of the points awarded for quality. This gave the following scores as outlined in the table below and it is recommended to award the contract to the following organisations:

Lot 1 – The servicing, repair and maintenance of air conditioning units

| Tenderer | Rank |
|---------------------------------------------|-------------|
| Integral UK Limited | 1 |
| Sayes Service Limited | 2 |
| Ace Environmental Engineering Ltd | 3 |
| Elite Building Services Engineering Limited | 4 |
| Seddon Construction Ltd | 5 |
| Denton & Nickels Ltd | 6 |

Lot 2 – The supply and installation, repairs and maintenance of commercial catering kitchen ventilation systems.

| Tenderer | Rank |
|---------------------------------------------|-------------|
| Integral UK Limited | 1 |
| Denton & Nickels Ltd | 2 |
| Elite Building Services Engineering Limited | 3 |
| Overclean Ltd | 4 |

Lot 3 – The design, supply and installation and repairs of boiler flue systems.

| Tenderer | Rank |
|-------------------------|-------------|
| Denton & Nickels Ltd | 1 |
| Integral UK Limited | 2 |
| Seddon Construction Ltd | 3 |

Lot 4 – The supply, installation and repair of insulation to ductwork and pipe-work on commercial heating systems.

| Tenderer | Rank |
|-------------------------|-------------|
| Denton & Nickels Ltd | 1 |
| Seddon Construction Ltd | 2 |
| Integral UK Limited | 3 |

Lot 5 – The installation repairs and maintenance of pumps, to commercial heating systems, domestic hot /cold water systems and pressurised cold water systems.

| Tenderer | Rank |
|------------------------------|-------------|
| Denton & Nickels Ltd | 1 |
| DFP Services Ltd | 2 |
| AJH Pump Supply & Repair Ltd | 3 |

Lot 6 – Commercial gas heating systems. Installation, repairs and maintenance.

| Tenderer | Rank |
|---------------------------------------------|-------------|
| Integral UK Limited | 1 |
| DFP Services Ltd | 2 |
| Elite Building Services Engineering Limited | 3 |

| | |
|-------------------------|---|
| Denton & Nickels Ltd | 4 |
| Sayes Service Limited | 5 |
| Seddon Construction Ltd | 6 |

Lot 7 – Underground gas, heating and water services installation and repair.

| Tenderer | Rank |
|---------------------------------------------|-------------|
| Elite Building Services Engineering Limited | 1 |
| Denton & Nickels Ltd | 2 |
| Integral UK Limited | 3 |

The following tenderers were disqualified:

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|----------------------|
| Fred Shaw and Co Ltd |
| Saker Controls Ltd |
| GBH Utilities Ltd |

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.

4.3 Leeds Building Services were part of the evaluation panel and they will inform their clients of the new Lots and suppliers appointed to each Lot.

4.3.1 In July 2016, Leaseholders were notified of the Council's intention to procure a new contract for this work under the Leasehold Consultation Requirements (England) Regulations 2003. The legal notice also gave leaseholders the option to nominate contractors they would like to invite to tender. No nominations, comments or observations were received from leaseholders' or Tenants and Residents' Associations. In April 2017, the 2nd legal notice under the Leasehold Consultation Requirements (England) Regulations 2003 was served stating the Council's proposal to enter into an agreement with the suppliers listed in section 3.8 under each Lot. **Equality and Diversity / Cohesion and Integration**

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

4.5 Council policies and the Best Council Plan

4.5.1 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 Leeds Building Services delivering Mechanical Services was procured in line with Leeds City Council's Contract Procedure Rules and the Regulations.

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

4.6 Resources and value for money

4.6.1 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.

4.6.2 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 (PPPU). Due diligence was undertaken on price to ensure that the contract values are realistic and sustainable. Credit checks have also been undertaken by PPPU on each supplier.

4.7 Legal Implications, Access to Information and Call In

4.7.1 This decision is a significant operational decision which is not subject to call in.

4.7.2 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 Resources and Housing should be satisfied that this framework agreement represents best value for the Council.

4.7.3 Appendix 1, 2, 3, 4, 5, 6 & 7 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.

4.8 Risk Management

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

4.8.2 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 councils' Contracts Procedure Rules and the Regulations, with full guidance and support from the PPPU.

5.2 Following the tender evaluation process of all bids received 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 Resources and Housing is recommended to:

6.1 Note the contents of this report and approve the appointment of multiple suppliers to the framework agreement across seven Lots. This is for the provision of Leeds Building Services delivering Mechanical Services, with a commencement date of 22nd September 2017.

6.2 To note that the officer responsible for implementation is Neil Paget.

7 Background documents¹

7.1 **Appendix 1** – **Confidential Tender Analysis** – Lot 1 The servicing, repair and maintenance of air conditioning units.

7.2 **Appendix 2** – **Confidential Tender Analysis** – Lot 2 The supply and installation, repairs and maintenance of commercial catering kitchen ventilation systems.

7.3 **Appendix 3** – **Confidential Tender Analysis** – Lot 3 The design, supply and installation and repairs of boiler flue systems.

7.4 **Appendix 4** – **Confidential Tender Analysis** – Lot 4 The supply, installation and repair of insulation to ductwork and pipe- work on commercial heating systems.

7.5 **Appendix 5** – **Confidential Tender Analysis** – Lot 5 The installation repairs and maintenance of pumps, to commercial heating systems, domestic hot /cold water systems and pressurised cold water systems.

7.6 **Appendix 6** – **Confidential Tender Analysis** – Lot 6 Commercial gas heating systems. Installation, repairs and maintenance.

7.7 **Appendix 7** – **Confidential Tender Analysis** – Lot 7 Underground gas, heating and water services installation and repair.

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.