

Report of: Head of Property Maintenance

Report to: Chief Officer, Civic Enterprise Leeds

Date: 6th June 2016

SUBJECT: Award of Phase V of the Non-Housing (Civic Enterprise Leeds) BEMS Subcontractor Framework Contract

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 III to this report has been amended to exempt details under Access to Information Procedure Rules 10.4 (3) on the basis that it contains information relating to the financial affairs of the authority which, if disclosed to the public would, or would be likely to prejudice the commercial interests 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.

Summary of main issues

1. Property Maintenance and Corporate Property Management (CPM) merged in January 2014, to become Leeds City Councils In-house Service Provider (ISP) for non-housing property management and the provision of building services. These services are provided to LCC departments such as Children's Services, Adult Social Care, Environment's and Housing, City Development and Strategy and Resources.
2. In providing the required services to other LCC departments CPM sub - contract out certain elements of work that Leeds Building Services do not provide.
3. CPM currently have no formal arrangements in place for the use of specialist contractors which are required to supply the specialist services for the repairs, servicing and replacement of Building Energy Management Systems (BEMS) within the authorities civic buildings. Arrangements were made for existing arrangements to be kept in place to allow time to carry out a full appraisal of sub-contractor requirements and to complete the necessary procurement exercises to put in place a contract for these specialist services.

4. A meeting was held with PPPU and Procurement Unit on 5th September 2013, and they advised that in line with the Category Management approach that a joint procurement exercise between all three ISP's should take place. It was also identified in this meeting that due to the number of different categories of contracts and the tight timescale for replacing existing contracts, the procurement exercises would be conducted in five distinct phases.
5. It was agreed that phases I to III would be used to refresh existing contracts and Phases IV to V would be used to procure services where no current contracts are in place. It was agreed by all parties that this would be the most efficient way of managing the process to ensuring the identified resources are secured whilst providing best value to Leeds City Council.
6. This report seeks approval from the Chief Officer, Civic Enterprise Leeds to award Phase V of the framework contract for the supply of BEMS services to the nominated subcontractors mentioned in this report.
7. This decision to award is a Significant Operational Decision and is a result of a Key Decision for the Authority to Procure (ref: D41003) which was approved 14th February 2014 and therefore this decision is not subject to call in. (Appendix I and II)

Recommendations

Chief Officer Civic Enterprise Leeds is recommended to approve the award of Phase V of the framework contract for the supply of BEMS services from 11th July 2016 to the nominated contractors named in this report. The contract will be for three years with an option to extend for a further year.

1 Purpose of this report

- 1.1 The purpose of this report is to seek approval to award Phase V of the framework contract covering the services for BEMS to Leeds City Council Non-Housing Buildings to the nominated contractors detailed in this report.
- 1.2 The contract will commence on the 11th July 2016 and has a term of three years with an option to extend for a further year.
- 1.3 The estimated annual value for of the BEMS contract is in the region of £100k per annum.
- 1.4 The successful tenderers have submitted bids which have scored the highest on the basis of the tender evaluation criteria which considers a combination of price and quality as set out in the tender documents.

2 Background information

- 2.1 Corporate Property Management (CPM) merged in January 2014, to become Leeds City Councils In-house Service Provider (ISP) for non-housing property management and the provision of building services. In providing the required services to other LCC departments CPM contract out certain elements of work that the Internal Service Provider do not provide and there are no formal contracts in place for these services..
- 2.2 Discussions have taken place between all parties and the Procurement Unit who have advised that in line with Council's policies on 'Spending Money Wisely' and Category Management approach that Construction Services, Property Maintenance and Corporate Property Management contracts should be procured jointly in order to demonstrate value for money and secure the necessary resources required to deliver services they are required to undertake.
- 2.3 It was also identified in this meeting that due to the number of different categories of contracts and the tight timescale for replacing existing contracts, the procurement exercises would be conducted in five distinct phases (phase I to V).
- 2.4 It was agreed that phases I to III would be used to refresh existing contracts and Phases IV to V would be used to procure services where no current contracts are in place. It was also agreed by all parties that this would be the most efficient way of managing the process whilst ensuring the identified resources are secured whilst providing best value to Leeds City Council.
- 2.5 The tender process for Phase V commenced on the 1st December 2015, with the establishment of a project team. The project team comprised of representatives from Corporate Property Management and the Procurement Unit.
- 2.6 The project team agreed the category of the subcontractor service that would be included in this stage of the Phase V of the procurement exercise and this was for

the provision of services for the repair, servicing and replacement including new capital investment installations for Building Energy Management Systems.

- 2.7 It was decided to format the framework contract into two distinct 'Lots' which consisted of:-

Lot 1. – Maintenance of BEMS - which will include the servicing, diagnostics and repair of systems under the value of £10k

Lot 2. – Capital and New Installation Works – which will include the design and installation/replacement of systems with a value of £10k and over.

- 2.8 The tender process was undertaken in the format of an 'Open' tendering procedure (PQQ and tender submitted together) and was advertised on the Council's Electronic Tendering System YORtender and also OJEU on the 8th December 2015.

- 2.9 The PQQ would identify suitable contractors with the technical knowledge, experience and capacity whilst the tender stage involving a submission of a quality questionnaire and a pricing schedule would be used for choosing and ranking the organisations.

- 2.10 It was anticipated that the resulting tender evaluation of the submissions would identify the four highest scoring contractors who would then be placed on Lot 1 or 2 of the framework contract in a ranked order. On Lot 1 of the framework contract all orders under £10,000 in value will be issued to the number one ranked organisation and if the capacity of the number one organisation is fully utilised then the work will be issued to the second ranked organisation, and so on through to the fourth ranked organisation.

- 2.11 Lot 2 of the contract has been developed as a framework that will have provision for mini-tender to take place between the successful contractors for works in excess of £10,000. Work/schemes will then be issued to the contractor with the highest score resulting from the quality score gained from the original tender and the pricing score from the mini-tender. If the capacity of the most competitive contractor is not sufficient then the second most competitive contractor will be engaged and if necessary this process will be applied down to the last contractor on the list.

3 Main issues

- 3.1 In February 2014 the Authority to Procure (DDN and Report - Appendix I and II) framework contracts for phases I to V was approved for Property Maintenance and Corporate Property Management to carry out a joint procurement exercise with Environment and Housing's Construction Services to procure Housing and Non-Housing Subcontractor Framework Contracts.
- 3.2 It was agreed that phases I to III would be used to refresh existing contracts and Phases IV to V would be used to procure services where no current contracts are in place. It was agreed by all parties that this would be the most efficient way of managing the process whilst ensuring the identified resources are secured whilst providing best value to Leeds City Council.

- 3.3 The tender process for Phase V commenced on the 1st December 2015, with the establishment of a project team. The project team comprised of representatives from Corporate Property Management and the Procurement Unit.
- 3.4 On the 8th December 2016 the Pre-Qualification Questionnaire (PQQ) and tender documents was published on the Council's tendering website YORtender and advertised in OJEU.
- 3.5 Following the closing date for PQQ and tender application of the 27th January 2016 for the receipt of completed pre-qualification questionnaires and tender submissions a total of 10 applications were received for the BEMS framework contract.
- 3.6 Project teams evaluated the technical section of each PQQ submission and the Procurement Unit carried out vetting and eligibility checks.
- 3.7 As per the terms of the PQQ, those contractors who passed all pass/fail questions and achieved over 60% on the technical questions were considered for the tender process.
- 3.8 Ten submissions from interested contractor were received for this contract and all passed the PQQ stage of procurement exercise.

The following are the ten organisations that applied for this contract and passed the PQQ evaluation:-

1. Impact Control Systems Ltd
2. Covely Workplace Ltd
3. Saker Controls Ltd
4. Matrix Controls Systems
5. Vital Energy Utilities Ltd
6. Linear Control Systems
7. Clover Controls Ltd
8. Kinetic Systems Support LLP
9. BMS
10. Westminster Controls

- 3.9 The tender document consisted of a method statement (quality submission) and pricing schedule and stated that the submissions would be evaluated based on a price/quality split of 60% price and 40% quality.
- 3.10 The project teams were issued with the method statements submitted by each bidder in support of their proposals to undertake the services for both Lots 1 and 2. They were also issued with the evaluation model to be utilised in respect of the review of the method statements.
- 3.11 The evaluation model informed the contractors that they must achieve a minimum score on the three quality questions and score at least 50% or above across each question and the whole of the qualitative criteria. Any tenderers failing the quality criteria would be excluded from this tender exercise.

3.12 The results of the quality evaluation for each of the contract categories are detailed and attached as Appendix III.

3.13 The outcome of the quality evaluations of the procurement exercise for Phase V showed that the following contractors meet the quality and price criteria and were successful with their bids for the following Lots:-

Lot 1 – Maintenance of BEMS

1. Impact Control Systems Ltd
2. Vital Energy Utilities Ltd
3. Linear Control Systems

Lot 2 – Capital and New Installation Works

1. Impact Control Systems Ltd
2. Matrix Controls Systems
3. Linear Control Systems
4. Vital Energi Utilities Ltd
5. Clover Controls Ltd
6. Kinetic Systems Support LLP
7. BMS
8. Westminster Controls

3.14 In line with the bid documents issued and the evaluation undertaken it is recommended to award the BEMS framework contract to the following organisations.

Lot 1 – Maintenance of BEMS

1. Impact Control Systems Ltd
2. Vital Energy Utilities Ltd
3. Linear Control Systems

Lot 2 – Capital and New Installation Works

1. Impact Control Systems Ltd
2. Matrix Controls Systems
3. Linear Control Systems
4. Vital Energi Utilities Ltd
5. Clover Controls Ltd
6. Kinetic Systems Support LLP
7. BMS
8. Westminster Controls

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 It is not considered that the content of this report or the recommendations made will have a significant impact on any particular ward or community and as such no consultations have taken place.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 It is not considered that the content of this report or the recommendations made will have any impact on any specific individuals or groups in terms of equality, diversity, cohesion and integration.
- 4.2.2 The new framework contract for BEMS services will ensure that the required resources with the relevant technical knowledge and competency to provide these services will be available to Leeds City Council and therefore will deliver benefits to all.

4.3 Council policies and City Priorities

- 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 framework contract for the Phase V BEMS services were procured in line with Leeds City Council's Corporate Procurement Unit's policies and procedures.
- 4.3.2 The proposals within this report will contribute to the continued delivery of an effective building and maintenance services for Leeds City Council.

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 and experience who can provide the relevant type of services to the standards set by Leeds City Council but also to bench mark 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 advertised on the council's YORtender system as required by the European Regulations.
- 4.5.2 The decision to award this contract is a Significant Operational Decision and is therefore not subject to call-in.

4.6 Risk Management

- 4.6.1 The tendering risks have been carried out via the usual contracting process by the PPPU. The contract risks will be monitored as part of the contract management plan once the framework contract has been mobilised.

5 Conclusions

- 5.1 This procurement exercise has been undertaken to market test the provision of this service and put in place a compliant framework contract that has been fully market tested to secure the technical provision resources for the BEMS services.
- 5.1 The successful contractors mentioned in this report have been deemed to be suitable for these framework contracts following the quality and price evaluations which are detailed in this report.

6 Recommendations

- 6.1 Chief Officer Civic Enterprise Leeds is recommended to approve the award of Phase V of the framework contract for the supply of BEMS services from 11th July 2016 to the nominated contractors named in this report. The contract will be for three years with an option to extend for a further year.

7 Background documents¹

- 7.1 Appendix I – Signed DDN for the Authority to Procure
- 7.2 Appendix II – Authority to Procure Report
- 7.3 Appendix III – Tender Evaluation Results

¹ The background documents listed in this section are available for inspection on request for a period of four years following the date of the relevant meeting. Accordingly this list does not include documents containing exempt or confidential information, or any published works. Requests to inspect any background documents should be submitted to the report author.