

Report to Cabinet
10 December 2014
Report of Executive head of strategy, people and neighbourhoods
Subject Award of contract for housing planned heating upgrades

Item

19

KEY DECISION

Purpose

To advise cabinet of the procurement process for the housing planned heating upgrades contract tendered by Eastern Procurement Ltd, and seek approval to award call off contracts from the framework contract.

Recommendations

To:

- 1) award a contract to Foster Property Maintenance Ltd (under the Eastern Procurement Ltd. framework) for planned heating upgrades to the 31 March 2015;
- 2) commit to spending up to £815,000 for 2014/15 under the Eastern Procurement Ltd framework for planned heating upgrades for a four year period from within existing Housing Capital Programme budget forecasts; and,
- 3) delegate to the executive head of strategy, people and neighbourhoods in consultation with the portfolio holder for housing authority to approve the award of a contract or contracts under this framework for the duration of the framework contract.

Corporate and service priorities

The report helps to meet the corporate priority “Decent housing for all” and the service plan priority to deliver an efficient maintenance service to tenants and leaseholders.

Financial implications

The financial consequences of this report are awarding a contract up to £815,000 for 2014/15 to be financed from existing budgets within the Housing Capital Programme. Spend in future years will be covered within the Council’s budget process and there is no contractual commitment in terms of volumes.

Ward/s: All wards

Cabinet member: Councillor Bremner – Housing

Contact officers

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Background documents

None

Report

Background

1. Eastern Procurement Ltd (EPL) is a local consortium of 9 small/medium Registered Providers (Registered Social Landlords' as they used be called) and 3 local authorities who have 'joined together' to procure housing maintenance and improvement works. EPL has a number of responsive, cyclical and planned contracts in place which are all OJEU compliant from a procurement perspective. In effect EPL procure contracts on behalf of its members. The members can then 'call' down works from these contracts. This has the significant collective advantage of increasing buying power and taking the burden of procurement away from individual members. The group has been in existence now for around 8 years and the Council joined the consortium in October 2011.
2. As members of EPL the Council can take advantage of what contracts it wishes, or decide not to procure any work at all through the consortium. In this way the Council retains complete control without any commitment.
3. The Council's current planned heating upgrades contract is due to finish 31 December 2014 and is currently being delivered by Foster Property Maintenance Ltd under the current EPL procured contract.
4. EPL have carried out a fully OJEU compliant procurement process to ensure a new framework agreement is in place for members to access.
5. This particular contract is of four years in duration, however, as outlined in paragraph 2 the Council do not have to commit to anything at all and at present the commitment is for 2014-15 only and will be reviewed on an annual basis in line with the housing investment programme.

Tender process

6. A restricted tendering process has been used. This involves pre-qualification stage to evaluate the supplier followed by a tender stage to evaluate the tender proposals from short listed suppliers.
7. A contract notice was placed on the Open Journal of the European Union inviting tenders.
8. Three suppliers are to be appointed to a framework agreement thereby allowing EPL members to choose to award contracts based on the suppliers costs for different elements of work, i.e. one supplier may have submitted the lowest prices for heating in one bedroom flats whereas a different supplier may have submitted the lowest prices for heating in a three bedroom house. The framework allows a member to order part of their programme with one supplier and another part with another supplier or everything with the same supplier.
9. Suppliers were asked to submit details of their company in terms of finance, contractual matters, technical and professional ability, insurances, quality assurance, environmental standards, equality and diversity policies, references and previous experience and these were then evaluated and suppliers shortlisted.

10. Shortlisted suppliers then submitted details of how they would meet the requirement outlined within the tender documents.

Tender evaluation

11. The evaluation criteria were stated in the tender documents as most economically advantageous tender based on a combination of price (70%) and quality (30%).
12. For quality a series of questions was used and supplier's answers were evaluated to award a score for quality.
13. For the price evaluation the lowest price was awarded full marks with other prices compared to that price and marks allocated based on the percentage difference from the lowest price. For example a price that was 25% more expensive was awarded 75% of the marks available.
14. Officers from all organisations within EPL (including NPS Norwich on behalf of the Council) took part in the drafting of the tender documentation and the evaluation process.

Evaluation results

15. The highest scoring 3 tenders, when both the quality and price scores were added together, were submitted by Foster Property Maintenance, Aaron Services and Dodd Group and notification has been given to all three suppliers that they have been successful. Unsuccessful suppliers have also been notified.
16. It is proposed that the completion of the 2014/15 heating programme will be ordered with Foster Property Maintenance by direct call-off. They have submitted the best prices within the tender process. Future awards of work can be subject to a mini tender exercise or direct call-off.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Report author to complete

Committee:	Cabinet
Committee date:	10 December 2014
Head of service:	Chris Rayner, Director of operational property services
Report subject:	Award of contract for housing planned heating upgrades
Date assessed:	18 November 2014
Description:	This report advises cabinet of the tender process for the planned heating upgrades contract carried out by Eastern Procurement Ltd (EPL) and seeks authority to award the contract

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The award of this contract potentially provides the same level of service for less money offering greater value for money
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Suppliers appointed to the framework recycle the vast majority (in some cases all) of waste material
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The installation of new energy efficient boilers through this contract will help to reduce the amount of energy (and therefore the cost) for the Councils tenants and leaseholders.

	Impact			
Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>1. Risk of challenge from unsuccessful suppliers:</p> <p>The tender has followed a restricted process carried out by EPL with input from officers in terms of evaluation etc, with award criteria being based on the most economically advantageous tender, but there is always a risk of challenge from unsuccessful suppliers. All unsuccessful suppliers have been notified with no adverse comments to date.</p> <p>2. Risk of supplier failure:</p> <p>There is a risk that the appointed supplier could fail during the life of the contract. This is low risk as three suppliers have been appointed to the framework providing some cover should a supplier fail. In addition the Council is not investing in the supplier and so the risk is one of service continuity rather than financial, which is further mitigated by the fact that this contract is planned in nature.</p>

	Impact	
Recommendations from impact assessment		
Positive		
<p>Finance - The award of this contract potentially provides the same level of service for less money offering greater value for money.</p> <p>Waste minimisation & resource use - Suppliers appointed to the framework recycle the vast majority (in some cases all) of waste material.</p> <p>Climate change - The installation of new energy efficient boilers through this contract will help to reduce the amount of energy (and therefore the cost) for the Councils tenants and leaseholders.</p> <p>Risk management - 1. Risk of challenge from unsuccessful suppliers: The tender has followed a restricted process carried out by EPL with input from officers in terms of evaluation etc, with award criteria being based on the most economically advantageous tender, but there is always a risk of challenge from unsuccessful suppliers. All unsuccessful suppliers have been notified with no adverse comments to date.</p> <p>2. Risk of supplier failure: There is a risk that the appointed supplier could fail during the life of the contract. This is low risk as three suppliers have been appointed to the framework providing some cover should a supplier fail. In addition the Council is not investing in the supplier and so the risk is one of service continuity rather than financial, which is further mitigated by the fact that this contract is planned in nature.</p>		
Negative		
Neutral		

	Impact	
Issues		