

Meeting: Strategic Management Board

Date: 27th March 2012

Title: Award of Building Management Organisation (BMO) Supply Chain Contracts

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Why has the report come to SMB?

SMB have approved the allocation of internal decent homes related works to the BMO (our in-house direct labour unit) over the next four years. This report provides further information on the heating and electrical supply chain tender exercises carried out as part of the BMO PACT (Professionalism, Adaptability, Cooperation & Trust) (decent homes) contract price comparison exercise.

The report makes recommendation for award of contract to the most competitive heating and electrical tenders.

What decision is required by SMB?

That SMB agree the award of the central heating supply chain contract to MCP Property Services and award of electrical supply chain contract to PH Jones (trading name of British Gas Social Housing Ltd.) in support of the BMO delivery of PACT related works.

How long should it take?

15 Minutes

1 PURPOSE

The purpose of this report is to provide SMB with further information on the two successful tenders for the heating and electrical supply chain contracts submitted as part of the BMO PACT (decent homes) contract price comparison exercise. This report seeks approval for award of contracts.

2 RECOMMENDATIONS

That SMB agree the award of contract to the following contractors:

- i. MCP Property Services for Electrical Supply Chain Works to Occupied and Empty Properties for an anticipated value of £1.1M over the four-year contract period.
- ii. PH Jones (trading name of British Gas Social Housing Ltd.,) for Central Heating Supply Chain Works to Occupied and Empty Properties for an anticipated value of £1.2M over the four-year contract period.

Both contracts are to be issued for a three-year duration with a option of a further one-year extension, subject to funding and performance.

3 BACKGROUND

- 3.1 Following submission of the results of a price comparison exercise between BMO and recently tendered PACT (decent homes) contractor prices, SMB approved the allocation of approximately £4.6M of internal decent homes related works to the BMO over the next four years.
- 3.2 As part of the comparison exercise, competitive tender prices for supporting heating and electrical supply chain sub-contracts were procured using tailored PACT contract documentation. To move forward on delivery of the allocated works programme, formal contracts now need to be entered into with the successful contractors.
- 3.3 The following section provides a summary of the process followed in procuring the supply chain contracts. The tender process was applied equally to both the heating and electrical supply chain contracts and a full procurement audit trail can be accessed through the Delta Electronic Tendering System.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Pre-Qualification Questionnaire (PQQ)

Invitation for expressions of interest in tendering for the contracts were issued through the Council's Delta tendering portal on the 9th January 2012 with a submission deadline of 23rd January 2012. The results were as follows:

Central Heating works PQQ – There were 17 PQQ responses received before the deadline. The responses were assessed to establish competency and capacity for carrying the heating works and a shortlist of seven contractors was made for invitation to tender.

Electrical works PQQ – There were 11 PQQ responses received before the deadline. The responses were assessed to establish competency and capacity for carrying the electrical works and a shortlist of six contractors was made for invitation to tender.

4.2 Invitation to Tender

Invitations to tender for both contracts were issued, again, through the Delta tendering portal on the 14th February 2012 with the tender submission deadline date set at 5th March 2012. The results were as follows:

Central Heating works tender submission – All seven invited contractors submitted bone-fide tenders by the return deadline date. The contractor return list is given in the table below (under 4.3).

Electrical works tender submission – five out of the six invited contractors submitted a tender by the return deadline date. The contractor return list is given in the table below (under 4.3).

4.3 Tender Evaluation

Having already established the competency and capacity of the tendering contractors at PQQ stage, tenders were evaluated upon the lowest notional tender figure submitted. The tender figure was established by insertion of a +/- percentage into a spreadsheet containing pre-priced schedule of rates and supplementary items relating to the works in question.

4.3.1 Central Heating works tender returns

The heating tender returns and ranking are as follow:

Contractor Name	Tender Price (£)	Ranking
MCP Property Services Ltd.,	900,390.11	1 st
K&T Heating Services Ltd.,	1,003,246.22	2 nd
AP Faulkner Ltd.,	1,039,711.44	3 rd
Quality Heating Services Ltd.,	1,091,679.01	4 th
TSG Building Services Ltd.,	1,162,397.39	5 th
Sun Realm Heating Co Ltd.,	1,163,161.04	6 th
PH Jones (trading name of British Gas)	1,207,121.31	7 th

4.3.2 Electrical works tender returns

The electrical tender returns and ranking are as follow:

Contractor Name	Tender Price (£)	Ranking
PH Jones	997,252.76	1 st
BSG Property Services Ltd.,	1,040,622.88	2 nd
SSE Contracting Ltd.,	1,077,358.11	3 rd
Ardent Security Ltd.,	1,134,815.80	4 th

Penmilne Contractors Ltd.,	1,222,187.71	5 th
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Philip Pank Partnership, the quantity surveying consultancy engaged to carry out the BMO price comparison exercise, designed the evaluation model and assessed all returns to providing reassurance as to the viability of tender prices received.

Appendices one to four provide the percentages submitted by the two successful contractors to be applied to the schedule of rates and supplementary items.

5 IMPLICATIONS

5.1 Financial Implications

The contracts are to be funded out of the Executive approved BMO capital budget allocation. The following table provides the anticipated spend profile for both work streams.

Work Area	Year 1 2012/13	Year 2 2013/14	Year 3 2014/15	Year 4 2015/16	total
Central Heating	£300k	£300k	£300k	£300k	£1.2M
Electrical Works	£275k	£275k	£275k	£275k	£1.1M

5.2 Legal Implications

The contract form is the Joints Contracts Tribunal (JCT) measured Term Contract 2011 with the specification based upon the original PACT decent homes contract documentation to ensure consistency of works.

Formal agreements with the recommended contractors are to be entered into following SMB approval for award of contracts.

5.3 Policy Implications

Meeting our decent homes target by 2015 is a medium term asset management strategy and Council objective

5.4. Staffing and Accommodation Implications

There are no specific staffing and accommodation implications identified.

This programme will be resourced using staff currently employed on decent homes related works.

5.5. Equal Opportunities Implications

An Equality Impact Assessment was carried out on the original PACT contract. There are no anticipated adverse effects on individual or group in relation to delivery of the works by the BMO.

5.6 Health & Safety Implications

- 5.6.1 The contracts fall under the requirements of the Construction (Design and Management) Regulations 2007. NPS CDM Coordinators have been appointed to oversee the contract management as required under the Regulations.
- 5.6.2 Both contractors health & safety competency was initially assessed at PQQ stage. The two appointed contractors will be required to supply a construction phase health and safety plan for approval prior to commencement of works.

5.7 Risk Management

The appointment of supply chain contractors to assist in BMO workflow further mitigates risk to delivery of the overall decent homes programme should one external contractor exit the contract.

Appendices:

Appendix One – MCP Property Services tendered percentage sheet
Appendix Two - MCP Property Services schedule of rates
Appendix Three – PH Jones tendered percentage sheet
Appendix Four - PH Jones schedules of rates

Background Papers:

SMB BMO Price Comparison Report dtd 20 March 2012