



Cabinet

30 June 2010

Item
10(ii)

Report of	Head of Strategic Policy and Regeneration	Author	Lindsay Barker/John Rock
Title	Gas Servicing and Associated Repairs Contract		☎ 282253/2762
Wards affected	All wards		

This report sets out the procurement process for tendering the Gas Servicing and Associated Repairs Contract for the Council's housing stock and recommends an appointment to provide the service.

1. Decision(s) Required

- 1.1 To agree to appoint Morrison Plc to deliver the Gas Servicing and Associated Repairs contract.
- 1.2 To agree to enter with the successful contractor into a 4 + 2year JCT Standard Form of Measured Term Contract 2006 Edition Revision 2 (2009), further amended as set out in the Tender Document.

2. Reasons for Decision(s)

- 2.1 Housing property related services are currently being provided through a signed Deed of Variation with Colchester Borough Homes (CBH). The signing took place on Thursday 9 October 2008 and varies the Management Agreement between Colchester Borough Council and Colchester Borough Homes. The first period of the agreement came to an end on 31 March 2009 and the second 9 month period commenced on 1st April 2009.
- 2.2 During the Interim period and to comply with Cabinet decisions on 21 May 2008 and 28 January 2009 it was intended to prepare for and let a fully compliant OJEU contract or set of contracts for the remaining Capital and Revenue work packages. The work packages were designed to cover
 - Responsive repairs, voids and adaptations
 - Gas Servicing
 - External overview – planned programmes, painting etc

Cabinet will be aware that the original decision taken by Cabinet above was reviewed and this formed part of a separate report which was taken to Cabinet on Wednesday 9th September 2009. As a result of the Cabinet decision, the first package "Responsive repairs, voids and adaptations" will continue to be delivered by CBH and a robust benchmarking exercise was to be conducted to ensure the Council complies with its best value obligations. A new Deed of Variation has been prepared to recognise the new arrangements and the parties have agreed to the necessary amendments. The new Deed was signed and dated 10th December 2009. The new Deed is essentially designed to align with the completion date for the Management Agreement and recognise the period January 2010 to March 2010 as an extension to the current Deed which ended in December 2009, periods thereafter will be annual from 1st April.

As Cabinet originally instructed, work proceeded to expose Gas Servicing and the External overview contracts to competitive tender. This report is concerned with the Gas Servicing contract. The procurement approach agreed by Cabinet on 28 January 2009 was one of a full European (EU) compliant process (OJEU) with the Council acting as the awarding body for any contracts placed and Colchester Borough Homes (CBH) acting as the employer's agent (Contract Administrator).

Expressions of interest were sought through a Pre Qualification Questionnaire (PQQ) process from which prospective contractors were selected. The results of this exercise conducted by Ridge and Partners were shared with Tenants, Leaseholders, Members and Staff from both CBH and CBC.

Out of this exercise nine contractors were selected to be invited to tender for the works. Tenders were returned and opened by officers on 18 May 2010 and following a further analysis exercise three contractors were interviewed and out of this a final recommendation was concluded.

3. Alternative Options

- 3.1 There are few alternative options as this programme forms part of the Council Statutory obligations as a Landlord and protects both our customers and the housing asset.

4. Supporting Information

- 4.1 Following the January Cabinet decision, the Council engaged the support of Ridge & Partners (property consultants) to assist with managing the EU procurement process (OJEU).
- 4.2. EU regulations require contracts of this nature and scale to be advertised across the EU. A two-stage contractor selection process consisting of a Pre-Qualification Stage which is open to all interested parties, followed by a Tender Stage which is restricted to contractor's selected by analysis of the first stage responses was followed. The Pre-Qualification Stage invites interested contractors to submit information concerning their Financial Capacity, Technical Capability, Relevant Experience and References. Information is requested in a Pre-Qualification Questionnaire from all interested contractors.
- 4.3. In September 2009 a joint planning meeting took place with representatives from the Council, CBH and Ridge & Partners to formulate a detailed project plan and timeline to complete the procurement process.
- 4.4 In October 2009, Ridge & Partners placed the OJEU notices within the European Journal inviting contractors to submit an interest in tendering for the Gas Servicing Contract.
- 44 contractors responded to the advertisement with 21 submitting completed Pre-Qualifying Questionnaires (PQQ).
 - Ridge & Partners carried out a robust analysis of the completed PQQ's which resulted in a presentation to a joint meeting attended by officers from CBC & CBH, Councillor Oxford & Councillor Smith, and both tenant and leaseholder representatives. Ridge presented their recommendations to the meeting on the contractors who should be short listed to continue and complete the full tender documentation

- Following discussion 9 contractors were short listed and invited to complete the full tender documentation. The closing date for the return of tenders was 18 May 2010. Contractors were made aware that the tender was subject to a TUPE transfer of 10 staff and drew attention to their duties under this legislation.
- On the 18 May, 7 tenders were received and opened by the Legal Services Manager. During the tender period two contractors withdrew from participation in the process.
- Ridge & Partners carried out a full evaluation of the returned tenders and contractors delivery Method Statements. The scores from the evaluation exercise were based on 60% Price 40% Quality derived from the delivery Method Statements.
- Following the outcome of the evaluation, 3 contractors were invited to attend an interview on 8th June 2010. The contractors selected for interview were Morrison Plc, PH Jones Ltd and EPS Group Ltd. In accordance with the requirements of the OJEU process interviews were conducted as a verification of the submitted tenders and were not used to establish an additional score.

The interview panel consisted of the following representatives:

Ridge & Partners – David Tobin

CBC – Beverley Oxford (Councillor) John Rock.

Union representative – Jackie Martin

Tenant representative – Alan Blois (Board Member) John Newton (Board Member)

Leaseholder representative – Geoff Foster

CBH – Mark Wright (Director), Matt Armstrong (Asset Manager), Chris Morris (Operations Manager)

- 4.5 A copy of the report on Responses to Pre-Qualification Questionnaire (Appendix A) together with the Tender Report evaluation report (Appendix B) are available as Background Papers. Appendix B contains commercially sensitive information and although available for inspection does not form part of the report.
- 4.6 As part of the procurement process a robust tender specification was developed by CBC, CBH and Ridge & Partners to ensure the Council and its tenants receive best value on the evaluation criteria of price and quality. The documentation included a comprehensive performance framework which included Performance Indicator's and strong emphasis on quality, resident satisfaction, complaints procedures and environmental issues.
- 4.7 The Form of Contract recommended by Ridge & Partners to deliver the contract is the Joint Contracts Tribunal (JCT) Standard Form of Measured Term Contract 2006 Edition Revision 2 (2009) further amended as set out in the Tender Document. The successful contractors will be awarded a 4 year contract with an option to extend by agreement with the Council for a further period of 2 years, depending on their performance over the contract period.
- 4.8 As set out in the January 2009 Cabinet report, the current robust controls and monitoring arrangements will continue as a minimum standard. The formal monthly Operational Site Meeting (OSM) attended by both CBC and CBH have put in place arrangements to capture the performance monitoring of the Capital Improvements contracts which will include progress against the agreed programme, monitoring of expenditure against agreed budgets, analysis of performance against KPI's, the quality and standard of the

services provided to tenants by reviewing customer satisfaction reports and direct liaison with tenants. In addition, a progress report on the performance of the contractors and their progress will be presented to the Portfolio for Neighbourhoods on a monthly basis at each Portfolio Holder liaison meeting.

- 4.10 CBH's role as the Contract Administrator (CA) is key to the success of this contract. CBH will manage the contract on behalf of the Council which will include managing day to day issues/arrangements of the contract and act as the main point of contact for all parties through the nominated representative. The CA through the nominated representative will attend the monthly OSM to report on the contractor's performance. The role of CA is also clearly defined within the JCT form of contract.

5. Proposals

- 5.1 To accept the recommendations of Ridge & Partners and team members by:
- 5.2 Awarding the contract to deliver the Gas Servicing and Associated Repairs contract to Morrison Plc.
- 5.3 To enter with the successful contractors into a 4 + 2 year JCT Standard Form of Measured Term Contract 2006 Edition incorporating Revision 2 (2009), further amended as set out in the Tender Document.

6. Strategic Plan References

- 6.1 This decision is part of delivering against the Homes for All priority in the Council's Strategic Priorities 2009 – 12 by ensuring the decency and upkeep of the Council's housing stock. It is also a key action in the Housing Strategy adopted by Cabinet in 2008.

7. Consultation

- 7.1 Tenants and Leaseholders have taken an active part within the overall procurement process in various ways which include, attending the presentation/consultation by Ridge & Partners on the outcome and recommendations of the PQQ's and taking part in the final interviews for selection.

8. Publicity Considerations

- 8.1 Good communication with tenants is vital and the Council working closely with CBH will need to issue information to its tenants to advise them of new contract arrangements, how it will affect them with ongoing updates as the programme progresses. Again this information will follow once the contract is let and more detail discussions have taken place with the successful contractor.

9. Financial implications

- 9.1 The financial implications are contained within the main body of the recommendation report with appendix A. This contains commercially sensitive information and should only be viewed as a representation of spend to enable contractors to be equally assessed against each other. However the anticipated first year annual spend based upon notional delivery requirements amounts to £513,158.18.

10. Equality, Diversity and Human Rights implications

- 10.1 As part of the contractor's tender submissions, Equality and Diversity was a key element of the evaluation process. Contractors were both evaluated and questioned at interview stage with regard to how they will deliver services to tenants from BME origins, with disabilities and other support needs. Contractors are aware of the need to tailor the service they provide to meet individual needs of tenants. This is likely to include support, information in various languages.

11. Community Safety Implications

- 11.1 There are none directly arising from this report.

12. Health and Safety Implications

- 12.1 Through the role of Contract Administrator CBH will be responsible for ensuring Health and Safety requirements are fully complied with.

13. Risk Management Implications

- 13.1 By following an EU compliant tender process and by implementing the controls and recommendations as set out in this report, the Council is seeking to mitigate against any potential risks or challenges.

Background Papers

Report on responses to pre-qualification questionnaire

Tender Evaluation, recommendation report for contractor appointment