

WARDS AFFECTED:

Central Milton Keynes

CABINET PROCUREMENT COMMITTEE

7 MAY 2013

AWARD OF CONTRACT FOR MECHANICAL AND ENGINEERING CONTRACT FOR THE PLANNED PREVENTATIVE MAINTENANCE AND REACTIVE WORKS TO THE CENTRAL OFFICE ACCOMODATION BUILDINGS BEING CIVIC OFFICES AND SAXON COURT (REF: CU2238)

Author: Pralene Mavroleon, Sponsorship and Admin Buildings Manager Tel: (01908) 252553

Executive Summary:

This report is seeking approval to award the contract for the Mechanical and Engineering Contract for the Planned Preventative Maintenance and Reactive works to Civic Offices and Saxon Court. The contract term:

- is for 4 years, expiring on 31st July 2017. The annual value of this contract is approximately £75k, with the term value being approximately £302k.
- Based on the original contract value of £133k the new service delivery model for this contract will allow for an overall savings of approximately £220k for the duration of the contract term of 4 years.
- And can be extended until 31st July 2020.

CPC previously agreed that the tender could progress on 6th March 2012.

1 Recommendation(s)

- 1.1 That the Contract for the Mechanical and Engineering Contract for the Planned Preventative Maintenance and Reactive works to Civic Offices and Saxon Court be awarded to the bidder who has scored the highest in accordance with the Most Economically Advantageous Tender (MEAT) evaluation (Annex).
- 1.2 That any recommendation to extend this contract is bought back to this committee for a decision in good time.

2 Context

The contracted Services will ensure that the Admin Buildings being Civic Offices and Saxon Court shall comply with all current legislation and ensure that buildings services within are maintained to an industry standard or better. This will ensure business continuity and energy efficiency.

3 Background**3.1 Decision to Proceed to Tender**

- 3.1.1 This procurement was approved to proceed to Tender by CPC on 06/03/12.

3.2 Consultation

3.2.1 The specification and evaluation criteria for this contract were developed following consultation with the following key stakeholders:

- Facilities Management
- Design and Building Services
- Property, Legal and Procurement

3.2.2 The consultation highlighted that the specification and tender documents needed to include:

- A comprehensive building services asset register which allows for contract performance to be monitored using specified KPI and SLA's.
- A more detailed pricing schedule was produced under the advice of the Procurement team identifying value for money.
- A new working model - developed to allow for effective management of resources. Currently both Civic Office and Saxon Court each have a resident engineer. The new model proposes one resident engineer with mobile engineer support.

3.3 Market engagement and lessons learnt

3.3.1 Before this tender process commenced there was a period of market engagement to allow for a PIN to be sent out to assess what was available in the marketplace.

3.3.2 The current contract expired on the 7th January 2013 and two waivers were sought and approved to cover the periods of 8th January -31st March 2013 and 1st April -31st July 2013.

3.3.3 The current contract which will now expire on 31st July 2013 is worth £180k per annum based on the premium rate currently being paid during the contract extension period

3.3.4 An evaluation process was carried out under the guidance of the procurement team to modify and enhance a different operating model to realise cost savings without any significant impact on the service provided.

3.3.5 Lessons learnt from the old contract

- It was difficult to measure the contractor's performance.
- The assets in the pricing schedule were not individually priced making it difficult to monitor accurate costings for adding and omitting assets.

3.3.6 Lessons taken forward to new contract.

- The conditions of the contract were improved with assistance of both the Legal and Procurement departments.
- The contract contains more robust management tools to allow for the following: contract management, exit management plans, escalation processes and remediation notices.
- The assets are now individually priced allowing for accurate monitoring to asset variations.
- The new contract has also introduced KPI's and SLA's to enable contract performance to be monitored to comply with the new contract requirements.

3.4 Tender Evaluation

3.4.1 The Tender was advertised on the Council's E-Tendering system on 17/01/13 and 9 tenders were returned on 01/03/13. The Tenders were evaluated by a suitably qualified and experienced panel of officers including the Facilities Manager, Deputy Facilities Manager, Design and Building Services - Senior Mechanical & Electrical Maintenance Engineer and Client Officer for Facilities Management.

3.4.2 The Evaluation criteria, scores and prices for all tenders are attached at Annex. A summary of the Risk Assessment is set out in section 4.2.

3.4.3 The MEAT evaluation of tenders resulted in the following results (note the actual names of suppliers their pricing and a break down of the Quality will be in the red paper)

	Quality score (out of 35)	Price score (out of 65)	Total score	Ranking
Company A	26.66	60.51	87.11	1
Company B	30.8	51.99	82.79	2
Company C	24.5	53.97	78.47	3
Company D	24.5	39.35	63.85	4
Company E	22.4	41.36	63.76	5
Company F	18.2	43.99	62.19	6
Company G	16.1	40.40	56.50	7
Company H	9.8	41.14	50.94	8
Company I	12.6	34.49	47.09	9

3.4.4 The evaluation criteria was weighted 65% pricing and 35% quality to ensure that essential quality aspects of the tender were scored accordingly, and minimum scores set.

3.4.5 The quality assessment focused on two criteria: Functional and Technical compliance with the specification (21%) and measuring quality (14%).

3.5 Contract Management

3.5.1 The Senior Client Officer for this contract is the Assistant Director Public Access & Customer Service and the management will be undertaken by Design & Building Services. The contract adheres to the Council's standard terms and conditions as maintained and developed by the Council's Legal Services team.

3.5.2 The key governance processes include:

- Monthly meetings comprising council officers and contractors representatives to ensure the delivery of the contract.
- Agree and monitor performance measurement through contract specific Key Performance Indicators on a monthly basis.
- The Contract may be determined by the Authority on a three months written notice if in the Authority's reasonable opinion such determination is necessary following a best value review of services to which this Contract relates.
- The Authority may terminate this Contract in whole or part with immediate effect by the service of written notice on the Contractor in the following circumstances.
- A consistent failure will occur where MKC has served 3 remediation notices in a rolling 4 month period.
- A catastrophic failure will follow any action by the contractor, whether in relation to the services and this contract or otherwise, which in the reasonable opinion of the Authority's Representative has or may cause significant harm to the reputation of the Authority.
- The new contract will be enhanced with computer aided facilities management technology to aid in managing and monitoring this contract.

4 **Implications**

4.1 Policy

This project supports the Property Strategy in respect of efficient accommodation use.

Where buildings are leased to commercial partners it is the landlord's responsibility to ensure that compliance with statutory and legislative requirements are met.

This contract support's the council's statutory requirements keeping the building fit for purpose and DDA compliant.

Civic Offices has various communication installations leased by third parties. If there is a failure with the electrical infrastructure the council will be in breach of the lease obligations.

4.2 Resources and Risk

4.2.1 The cost of the contract is already contained within the Admin Building revenue budget, currently as £180k which relates to the original contract value of £133k plus the premium rate of £47k which has been approved to allow for the extension to the contract.

4.2.3 Based on the original contract value of £133k the new service delivery model for this contract will allow for an overall savings of approximately £220k for the duration of the contract term of 4 years.

4.2.4 The key OPPORTUNITY *secured* by this contract is a reduced cost service and an effective contract monitoring regime where KPIs are linked to defined contract schedules that allows for ease of application.

4.2.6 The key THREATS for this contract have been assessed as:

Risk	Likelihood	Mitigation
Contract not robust or clear enough to deliver the outcomes expected	L	New contract documents have been drawn up by MKC Legal department and the Senior Design and Building Engineer to ensure that the contract is managed and monitored to a high standard.
Insufficient resource in contract management.	M	The contract is currently managed as a partnership between Facilities Management - MKSP and Design and Building Services -MKC. Should one of these two resources not be available the remaining Manager would manage the contract until a new resource is available.
Additional works required due to breakdowns and minor project works	M	Continual monitoring of the contractors workload by the management team will ensure that the contractor provides sufficient resources.

The governance measures set out in 3.5.2 above provide a basis to conclude that these threats, properly managed represent a LOW Likelihood or a MEDIUM Impact.

Resources & Risk Implications

N	Capital	Y	Revenue	Y	Accommodation
N	IT	Y	Medium Term Plan	Y	Asset Management

4.3 Carbon and Energy Management

The award of this contract adopts the Councils Carbon and Energy Management Policy with the contractor taking a more active role and liaising with the Councils Energy Manager to improve efficiency and reduce waste.

4.4 Legal

The Councils Legal department have drafted a specific service contract given the nature of the specialist works.

The Contract and its procurement are compliant with Council Constitution, UK and European Laws.

4.5 Other Implications

N	Equalities/Diversity	Y	Sustainability	N	Human Rights
N	E-Government	N	Stakeholders	N	Crime and Disorder
Y	Carbon and Energy Policy				