

SURREY COUNTY COUNCIL**CABINET MEMBER FOR BUSINESS SERVICES AND
RESIDENT EXPERIENCE****DATE: 12 SEPTEMBER 2016****LEAD
OFFICER: BEVERLEY BAKER, HEAD OF COMMERCIAL SERVICES****SUBJECT: AWARD OF FRAMEWORK AND CONTRACTS FOR THE
PROVISION OF COMMERCIAL CATERING EQUIPMENT
REPAIR AND INSTALLATION SERVICES FOR SURREY
COUNTY COUNCIL****SUMMARY OF ISSUE:**

This report seeks approval to award a framework agreement in 9 lots and subsequent award of call off contracts for the provision of commercial catering equipment repair and installation services for Surrey schools and civic sites for the benefit of the Council to commence on 1 January 2017 as detailed in the recommendations as the current arrangements expire on 31 December 2016.

The report provides details of the procurement process, including the results of the evaluation process and, in conjunction with the Part 2 report, demonstrates why the recommended framework and call off contract awards deliver best value for money and therefore is a contributor to the strategic goal of Economic Prosperity within the Corporate Strategy 2016-21 to ensure Surrey's economy remains strong and sustainable.

Due to the commercial sensitivity involved in the contract award process the financial details of the potential supplier has been circulated as a Part 2 report.

RECOMMENDATIONS:

It is recommended that framework agreements are awarded to the following suppliers by lot and in ranking order from 1 January 2017 for a total of four years and immediate call off contracts are awarded for three years with an option to extend for a further period of one year each for Surrey County Council (SCC) for a total value of £845,600:

Lot 1 – Repairs to Refrigeration/freezers/chill cabinets/cold rooms/refrigerated dole wells (lot annual value £12,000) – Corrigenda Ltd t/a Churches, Little Duffy (Enterprises) Ltd, TWO Services Ltd, Celsius Commercial Refrigeration, JC Watson Refrigeration Ltd

Lot 2 – Repairs to Dishwashers and Water Softeners (lot annual value £74,000) - Corrigenda Ltd t/a Churches, Little Duffy (Enterprises) Ltd, TWO Services Ltd, National Facilities Management, JDS Catering Equipment Ltd

Lot 3 – Repairs to Combi Ovens (lot annual value £6,000) - Corrigenda Ltd t/a

Churches, Little Duffy (Enterprises) Ltd, TWO Services Ltd, National Facilities Management, JDS Catering Equipment Ltd

Lot 4 – Repairs to Ranges/Ovens/Atmospheric Steamers/Bratt Pans (lot annual value £43,000) - Corrigenda Ltd t/a Churches, Little Duffy (Enterprises) Ltd, TWO Services Ltd, National Facilities Management, JDS Catering Equipment Ltd

Lot 5 – Repairs to Hot Cupboards/Counters/Mixers/Slicers/Vegetable Preparation Units (lot annual value £31,000) - Corrigenda Ltd t/a Churches, Little Duffy (Enterprises) Ltd, TWO Services Ltd, National Facilities Management, JDS Catering Equipment Ltd

Lot 6 – Installation of Dishwashers and Water Softeners (lot annual value £20,200) – Little Duffy (Enterprises) Ltd, TWO Services Ltd, Corrigenda Ltd t/a Churches, JLA Ltd, JDS Catering Equipment Ltd

Lot 7 – Installation of Combi Ovens (lot annual value £12,200) – TWO Services Ltd, Little Duffy (Enterprises) Ltd, Corrigenda Ltd t/a Churches, National Facilities Management, JLA Ltd

Lot 8 – Installation of Ranges and Ovens (lot annual value £8,000) – Little Duffy (Enterprises) Ltd, TWO Services Ltd, Corrigenda Ltd t/a Churches, JLA Ltd, National Facilities Management

Lot 9 – Installation of Atmospheric Steamers and Bratt Pans (lot annual value £5,000) – Little Duffy (Enterprises) Ltd, TWO Services Ltd, Corrigenda Ltd t/a Churches, JLA Ltd, National Facilities Management.

REASON FOR RECOMMENDATIONS:

The tender for this framework agreement in individual lots was undertaken in compliance with the requirements of Public Contracts Regulations 2015 and the Council's Procurement Standing Orders. The recommendations provide best value for money for these contracts following a competitive tender exercise and thorough evaluation process.

The contracts ensure that the Council has efficient and cost effective flexible services for both heavy and light catering equipment for which it is responsible in schools and civic buildings within the county of Surrey.

The framework agreement sets out the terms and conditions under which specific purchases known as call-off contracts can be made on behalf of the Council during the agreement.

DETAILS:

Business Case

1. Surrey has separate arrangements with a number of suppliers for this repair and installation services for commercial catering equipment which expire on 31 December 2016.

2. The Council, through Commercial Services, provide meals to Surrey schools and two civic sites under a contractual basis and is responsible for the installation and repair of catering equipment at these sites. The approach taken by the Council is to secure the continuation of this service by running a tender to establish a single framework agreement in 9 lots (by equipment type) and place contracts with suppliers appointed to the framework by entering into a call off contract for these services by lot.
3. A maximum of 5 top scoring suppliers are being appointed to each lot to accommodate the full range of equipment requiring these services across the county. The suppliers appointed to each lot are ranked in order of most economically advantageous tender submitted and each will be approached in rank order for the individual lots to undertake the work required, for example if the first ranked supplier in a lot is unable to undertake the work required, the Council will offer the work to the second ranked supplier and so on.
4. The contract will be managed and monitored by Commercial Services on behalf of the Council with consistent Service Level Agreements and Key Performance Indicators across the framework. An annualised ranking will take place of all suppliers appointed to the lots for the framework as part of the annual contract review which means that suppliers who do not perform to the agreed standard will fall in the ranking order.

Procurement Strategy and Options

5. A full tender process using an electronic tendering platform, compliant with Public Contracts Regulations 2015 and the Council's Procurement Standing Orders, was carried out for the framework agreement which included advertising the contract opportunity in the Official Journal of the European Union (OJEU) on 13 April 2016.
7. Several options were considered when completing the Strategic Procurement Plan (SPP) prior to commencing the procurement activity. These were:
 - a) extend the arrangement with the current suppliers using the three quotation process for each job;
 - b) place a call-off contract from a framework agreement provided by an external buying organisation;
 - c) undertake a tender exercise and establish a bespoke framework agreement.
8. After a full and detailed options analysis, the process described in paragraph 7(c) was chosen. This option was selected as the option as described in 7(a) is time consuming to undertake for each individual job required and the aggregated value of the work awarded to suppliers now makes this requirement more suitable for a formal tender exercise. Option 7(b) was rejected as the specification (service standard, equipment serviced by brand only, key performance indicators) for the externally provided framework was unlikely to meet the requirements of the Council. In addition a fee would be applicable from the suppliers and paid to the framework provider to cover administration costs adding overall cost to the Council.

Key Implications

9. By awarding a framework agreement and call off contracts by lot to the suppliers as recommended for the provision of commercial catering equipment repair and installation services to commence on 1 January 2017, the Council will be meeting its obligations to provide a quality repair and installation service for the equipment for which it has responsibility and ensuring best value for money is achieved.
10. There will be a three month mobilisation period with the requirement to allow the incoming suppliers to familiarise themselves with the sites at which the equipment is situated, existing suppliers to complete installation works already quoted for in August and September so the work takes place as scheduled in October (school half term) and November, and avoid any disruption as meal numbers are anticipated to increase in December before schools close.
11. Appropriate contract management will take place throughout the duration of the framework agreement and be reviewed at regular contract meetings. The management responsibility for the Council lies with Commercial Services who will maintain a process to ensure the services are monitored in accordance with the conditions of the agreement.
12. Performance will be monitored through a series of Key Performance Indicators (KPIs) as detailed in the framework agreement and reviewed at monthly operations meetings as well as for the annualised ranking of suppliers in each lot which will affect their ranking position. The top performance indicators and targets for each are as follows:

KPI	Target
Response times Response time is defined as “the time it takes for an engineer to attend the site after the fault has been reported to the contractor” Contractors will meet agreed response times as detailed	90%
First Time Fix Volume of faults fixed first time that did not require a follow up visit to repair a similar fault within 2 months - for faults where parts readily carried	90%
Installation At agreed date and time	96%
Installation Quality All items installed as per manufacturers guidelines/in line with legislative requirements. Commissioning undertaken and certification issued. All relevant instruction booklets/sheets left on site. The Council will hold an installation log and catering staff will be asked to comment on work undertaken	100%

13. The schedule of rates will be fixed for the initial term of the contract and then reviewed for any extension offered. Any extensions will be subject to RPIX increases at the discretion of the Council after negotiation with the supplier.

14. In terms of Social Value bidders were required in their tender submissions to provide details of how they would implement and deliver the commitments made in their Employment and Skills Plan (ESP) including opportunities that would be offered within the local area and over the term of the call-off contracts via work experience placements, apprenticeships and priority groups including employment of those currently Not in Education, Employment and Training (NEET).
15. For the first question bidders were required to indicate the percentage of jobs that would be undertaken by engineers based in the county and the counties surrounding Surrey with scores ranging from 1 (up to 10%) to 5 (75% and over). For the suppliers recommended for award seven out of eight scored the maximum for this section.
16. For the eight suppliers recommended for award a total of 8 apprenticeships have been offered in their tender submissions and two jobs created for Surrey residents which will be contractual commitments for the suppliers. The estimated audited and quantifiable value of these apprenticeships once delivered in relation to growth in the local economy is £10,528. The delivery of this will be monitored by Commercial Services.

Competitive Tendering Process

17. The framework agreement has been tendered following a competitive tendering exercise using an open procedure.
18. All suppliers expressing an interest in the advertised tender opportunity were invited to tender for the framework and were given 30 days to complete and submit their tender. A total of 13 tender responses were received.
19. Tender submissions were initially evaluation against selection criteria including Good Standing, Insurance Requirements, Financial Information, Health and Safety and Equalities, Quality Assurance and Sustainability, Social Value and Business Continuity which all suppliers passed. Tender submissions were then scored against the quality and commercial award criteria and weightings as shown below.

Award Criteria	Weighting
Section A – Technical	18.8%
Section B – Contract Management	15.6%
Section C – Social Value and Employment and Skills Plan	5.6%
Price	60%
Total	100%

20. Each question apart from that for the percentage of jobs question under Section C and the price element were assessed using a score range from 0 Poor – No response or irrelevant information provided and bid excluded from further consideration to 5 – Excellent – response of very high standard and excellent evidence provided including of continuous improvement and innovative ways of working to deliver best value outcomes.
21. For price, the lowest total cost for each lot for the schedule of rates tendered by each supplier against estimated number of jobs required per lot received

the maximum score and higher prices bids received a score according to their relationship with the lowest bid.

RISK MANAGEMENT AND IMPLICATIONS:

22. Risks were appropriately identified and have been satisfactorily mitigated. These risks and action to mitigate them include:
- a) Cost – the prices are fixed for the initial three years of the call off contracts. Increases are possible after the initial contract term has ended, however these will be negotiated with the supplier prior to any extension being granted.
 - b) Stability – the risk of the supplier not being financially stable resulting in no longer being able to provide the services has been mitigated through annual checks to be undertaken to monitor spend on the framework agreement and call-off contracts.
 - c) Supply - the risk of supply disruption during changeover of suppliers has been mitigated through the three month mobilisation period planned for the new arrangements with existing work to be completed during this period by current suppliers and new suppliers familiarising themselves with the sites.
 - d) Reputation – high standards need to be maintained in respect of service and supplier staff continuity, correct equipment and the efficiency of the service. Ongoing performance monitoring will be undertaken by the suppliers and the Council to maintain standards.
23. The framework agreement includes termination provisions to allow the Council to terminate the agreement should circumstances change. The Council also has the right to terminate individual purchase orders with immediate effect for non performance or individual call off contracts for convenience giving suppliers three months notice.
24. The suppliers recommended for framework award were assessed as satisfactory for all financial checks in relation to the value of the proposed awards for each lot.

Financial and Value for Money Implications

25. Full details of the framework agreement and call-off contract value and financial implications are set out in the Part 2 report.
26. The procurement activity has delivered a solution which is a reduction against core contract costs and is therefore within budget.

Section 151 Officer Commentary

27. The tender exercise outlined in this report provides Commercial Services with revised, flexible and fully evaluated contractual arrangements to meet their operational requirements for the repair and installation of equipment.

The anticipated costs are slightly less than currently budgeted dependent upon the volume and type of works required.

Legal Implications – Monitoring Officer

28. A thorough test has been carried out of the market for the services of repairers and installers of commercial catering equipment. The rules about the Council buying services which are set out in the Public Contracts Regulations have been complied with. The Council's Procurement Standing Orders have been complied with. The requirement to obtain best value has been satisfied by the thorough procurement process and the evaluation of tenders.

Equalities and Diversity

29. Tender submissions were assessed for adherence to the Council's Equality and Diversity policy. From mobilisation and onwards Commercial Services will monitor the suppliers' adherence to the above and take appropriate action to address any concerns with the suppliers. The preferred suppliers will be required to comply with all relevant legislation.

Other Implications:

30. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	No significant implications arising from this report
Safeguarding responsibilities for vulnerable children and adults	All contractors' engineers to be DBS checked in line with statutory guidance ref. Department for Education, Keeping Children Safe in Education, May 2016
Public Health	No significant implications arising from this report.
Climate change	No significant implications arising from this report
Carbon emissions	The location of 75% of engineers either in Surrey or adjacent counties in the South East of England will supply the services as required limiting carbon emissions from transport where possible.

WHAT HAPPENS NEXT:

31. The timetable for implementation is as follows:

Action	Date
Cabinet Member decision to award	12 September 2016
Cabinet call in period	13 to 19 September 2016
'Alcatel' Standstill Period	20 to 29 September 2016
Framework Agreement and Contract Signature	October 2016
Framework Agreement and Contract Commencement Date	1 January 2017

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Consulted:

None applicable for external

Annexes:

None - Part 2 report with financial details attached to agenda as item 6.