

**SURREY COUNTY COUNCIL**

**CABINET**

**DATE: 27 OCTOBER 2015**



**REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES AND RESIDENT EXPERIENCE**

**LEAD OFFICER: JOHN STEBBINGS, CHIEF PROPERTY OFFICER**

**SUBJECT: APPOINTMENT OF A NUMBER OF SUPPLIERS TO THE FRAMEWORK FOR THE PROVISION OF RESPONSIVE AND PLANNED MAINTENANCE TO TRAVELLER CARAVAN SITES**

**SUMMARY OF ISSUE:**

To award a framework contract to the recommended suppliers for the provision of responsive and planned maintenance to Traveller caravan sites to commence in November 2015.

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 contract award delivers best value for money.

Due to the commercial sensitivity involved in the contract award process, financial details of the proposed suppliers have been provided in a Part 2 report.

**RECOMMENDATIONS:**

It is recommended that:

1. The Framework Agreement is awarded for three years plus the option to extend for one year to:
  - Millane Contract Services Ltd
  - Kier Facilities Services Limited
  - MD Building Services Ltd
2. Immediate call-off maintenance contracts under the Framework Agreement are placed with Millane Contract Services Ltd, Kier Facilities Services Limited and MD Building Services Ltd for the Council commencing in November 2015 for an initial term of three years, with the option to extend by a further one year.

**REASON FOR RECOMMENDATIONS:**

A full tender process, in compliance with the requirements of Public Contracts Regulations 2015 and the Council's Procurement Standing Orders has been completed. The recommendations provide best value for money for responsive and planned maintenance to Traveller caravan sites for the Council following a thorough

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evaluation process.

The Framework Agreement, as awarded, sets out the terms and conditions under which a specific purchase, known as a direct call-off can be made under the resulting Framework Agreement for an area based Term Maintenance Contract.

## **DETAILS:**

### **Background**

1. The overarching aim of the proposed framework agreement is for the delivery of responsive and planned property maintenance and repair services on Traveller sites. It is intended that Property Services will benefit from expert suppliers who will be able to provide a focused approach to the maintenance of sites.
2. The main purpose of the framework is the maintenance of pitches and utility blocks together with associated services with a view to preserving building integrity and to keep sites safe, compliant and fit for use. The suppliers must ensure compliance with regulations relating to the servicing and maintenance of electrical, mechanical and service installations.
3. The new framework will allow Surrey County Council's partner organisations (Guildford Borough Council, Epsom & Ewell Borough Council and East Sussex County Council) to order works for the sites they manage under separate contractual arrangements.

### **Procurement Strategy**

4. The current Framework Agreement will expire in November 2015. A full tender process, in compliance with the requirement of EU Procurement Legislation and the Council's Procurement Standing Orders has been carried out using the Council e-Procurement systems. This included advertising the contract opportunity in the Official Journal of the European Union (OJEU) on 12 June 2015.
5. Several procurement options were considered when completing the Strategic Procurement Plan (SPP) prior to commencing the procurement activity. These were:
  - undertake a tender exercise and establish a framework agreement
  - waiver to appoint a supplier without conducting a competitive tender process
  - continue to provide the service with the incumbent suppliers.
6. After a full and detailed options analysis it was decided to invite tenders and establish a framework agreement. This option was selected as this demonstrated best value for money from the options appraisal completed. It allows the Council to establish a long term relationship with the suppliers introducing a more favourable pricing mechanism as well as improved terms and conditions. The tender process would deliver best value for money in comparison with the other options.

7. A joint project team was set up including representatives from Property Services, Procurement and Legal Services.
8. All suppliers who expressed an interest in the tender were invited to tender for the framework agreement.

### Key Implications

9. By entering into a framework agreement with the three recommended suppliers for the provision of responsive and planned maintenance to traveller caravan sites to commence in November 2015, the Council will be meeting its duties to provide a quality service. This will ensure a focused approach to the maintenance of Traveller sites, ensuring best value is being obtained in compliance with EU Law.
10. Performance will be monitored through a series of Key Performance Indicators as detailed in the contract and reviewed at monthly operations meetings. The top performance indicators and targets for each are as follows:

<b>KEY PERFORMANCE INDICATOR</b>	<b>Year 1 Target %</b>	<b>Year 2 Target %</b>	<b>Year 3 Target %</b>	<b>Year 4 if extended after Y3 Target %</b>
Site attendance within responsive order timescales	80	83	85	90
Works carried out without formal complaint directed at Contractor	95	97	99	99
Post Inspection – no remedial action required.	85	87	90	95
Works application made within 45 calendar days of completion.	90	92	95	98
Health & Safety – Accidents, incidents and near misses	nil	nil	nil	nil
Works completed 1st Visit	85	90	93	95

11. The management responsibility for the contract lies with Property Service's Estates Delivery Manager. The Contract will be managed in line with the Contract Management Strategy and plan as laid out in the tender documentation which also provides for review of performance and costs, including price adjustment.

## Competitive Tendering Process

12. The contracts have been tendered following a competitive tendering exercise using an Open procedure.
13. All suppliers expressing an interest in the advertised tender opportunity were invited to tender for the contract and were given 32 days to complete and submit their tender. Of the 20 suppliers who expressed an interest, seven responded with their tender proposals.
14. Tender submissions were initially evaluated against selection criteria including Organisation details, Good Standing, Insurance Requirements, Financial Information. All suppliers passed this stage. Tender submissions were then scored against the quality and commercial award criteria with the weightings as shown below.

Award Criteria	Weighting
Section A – Staffing and Recruitment	5%
Section B - Performance	20%
Section C – Contract Management and Supervision	20%
Section D– Health & Safety	10%
Section E- Environmental	5%
Price	40%

The ratio of 60:40 (Quality: Price) was chosen due to the particular service requirements and the importance that suppliers understood the sensitivities, were able to adapt to them and manage the contract in such a way that was empathetic to the Travellers/Gypsy community. The three suppliers chosen demonstrated the best quality and price for delivering the services.

### **CONSULTATION:**

15. Key internal stakeholders have been consulted at all stages of the commissioning and procurement process including Legal Services, Property Services and Finance.
16. East Sussex County Council and our partner District Borough Councils were consulted and whilst they have no immediate requirement, they have the ability to use the Framework at a later date.

### **RISK MANAGEMENT AND IMPLICATIONS:**

17. The following key risks associated with the contract and contract award have been identified, along with mitigation activities:

Category	Risk Description	Mitigation Activity
Financial	Cost of materials increase	Management of instructions by Property Service's traveller sites managers. The Specification requires the supplier to provide a quote for each job and to seek approval to any substantial increase in the quote.
Reputational	Poor performance of supplier leads to mistrust within the travellers/gypsy community, resulting in relationships deteriorating and works ultimately not getting completed on time or to budget.	Careful selection of suppliers, use of a framework rather than a single supplier and good management of works by Property Service's Traveller Sites Managers.
Service	As above, deterioration of relationships between site residents, Property Services staff and the supplier as a result of poor performance.	Careful monitoring of suppliers and good management of works by Property Service's Traveller Sites Managers.

18. All suppliers successfully completed financial checks as well as checks on competency in delivery of similar contracts at the tender stage.
19. This Framework Agreement is not under any circumstances a commitment by the Council to purchase. Commitment to purchase will only be made when the Council issues an official Service Order Contract under the terms of the Framework Agreement.
20. This Contract provides a Framework for the Council to use the services of the appointed suppliers but is not intended to place any restriction upon the ability of the Council, at its own discretion, to use the services of other suppliers. Further the Council does not guarantee the value or volume of instructions it may place with the Supplier under this Framework Agreement.
21. Property Services is presenting a paper to Cabinet next month with a recommendation that Surrey County Council explores the future options for the management of Traveller Caravan Sites with a view to significantly reducing annual revenue costs. The maintenance contract provides for a reduction in service and removal of sites without penalty.
22. The Council shall not be liable in any way for actions, breaches, omissions or defaults committed by other Participating Authorities that purchase services under this Framework Agreement.
23. The Framework Agreement includes termination provisions to allow the Council to terminate the agreement with a thirty days notice period should circumstances change. Termination or expiry of the Framework Agreement

will not affect the validity of any call-off contract in force at the date of such termination or expiry. The Council would only be liable to pay to the supplier sums due for services provided up to the date of termination.

#### **Financial and Value for Money Implications**

24. Full details of the Framework Agreement and call off contracts values and financial implications are set out in the Part 2 report.
25. The pricing of the contract is on a Cost Plus basis. The price paid by the Council for an individual job will be the cost of materials plus a sum for labour as tendered by the suppliers. The prices for labour will be fixed for the first year and then adjusted annually in line with the BCIS BMI All-in Maintenance Costs Indices - Services<sup>1</sup>, as defined in the Contract. Management fee percentages will remain fixed throughout the Framework term. Supplier may be required to provide estimates for individual instructions prior to a Purchase Order being raised.
26. Officers within Property Services will work closely with the suppliers from the beginning of the contract to explore innovations in delivery in what is a very challenging working environment. Use and analysis of PAMS<sup>2</sup> and the contract KPIs will provide a high visibility of costs and performance and will assist in meaningful conversations with the suppliers while innovative ideas and solutions are developed.

#### **Section 151 Officer Commentary**

27. The Section 151 Officer confirms that there is sufficient budget in the MTFP to meet the likely cost of this revenue maintenance to traveller sites as set out in this report.

#### **Legal Implications – Monitoring Officer**

28. The Council has a duty to secure best value in carrying out its duties, and to procure services in accordance with the relevant statutory provisions. The procurement exercise undertaken to secure contractors to carry out maintenance at the Council's premises as outlined in this report complies with these requirements.

#### **Equalities and Diversity**

29. The Council has been mindful of its equalities duties under the Equality Act 2010 in carrying out the tender process and letting the contract with due regard to the need to eliminate discrimination in age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

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<sup>1</sup> BCIS BMI stands for Building Cost Information Service - Building Maintenance Index. It is a cost index similar to retail price index but specific to building maintenance works and services. It is used to calculate increases to contract costs over the period of the contract.

<sup>2</sup> PAMS stands for Property Asset Management System. This is Property's Atrium based computer system; all works and services are ordered and paid through this system.

30. Surrey County Council is committed to providing its services in a way, which promotes equality of opportunity at every possibility. The contract document stipulates that the supplier will comply with the relevant Equality and Diversity legislation. It is expected that the appointed suppliers will be fully committed to equality and diversity in their service provision and will ensure compliance with all anti-discrimination legislation.
31. The procurement process was undertaken through a transparent EU procedure, which allows suppliers from across the EU to express their interest.
32. There are no TUPE implications as a result of this Framework Agreement.

<b><u>Other Implications:</u></b>
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33. 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	With regard to the suppliers' personnel who potentially may participate in providing these services to premises or which may otherwise involve contact with vulnerable children and adults the Council has reserved the right in the Framework Agreement to require the suppliers to ensure that all its personnel engaged in the provision of the service have been checked with the Disclosure and Barring Service (DBS) and received a clear Enhanced Disclosure Certificate. The Council may require persons employed or otherwise engaged by the suppliers to undertake other security checks in accordance with the Council's vetting procedures.
Public Health	The suppliers' attention will be drawn to the fact that there may be asbestos containing materials installed in the buildings covered by this Contract. The supplier shall take suitable steps to ensure that all his staff and subcontractors are aware that asbestos may be encountered and that they do not become exposed to asbestos. By managing the risks associated with asbestos the Council minimises the risks to those who use these premises.
Climate change	Suppliers will be expected to use environmentally friendly building materials where possible as well as following the Council's policy on recycling.
Carbon emissions	Suppliers will be expected to meet the Council's standards for any vehicle/machinery emissions and use energy efficient appliances and equipment.

**WHAT HAPPENS NEXT:**

34. The timetable for implementation is as follows:

<b>Action</b>	<b>Date</b>
Cabinet decision to award	27 October 2015
Cabinet call in period	2 November 2015
'Alcatel' Standstill Period	3 November to 12 November 2015
Contract Signature	November 2015
Contract Commencement Date	November/December 2015

35. The Council has an obligation to allow unsuccessful suppliers the opportunity to challenge the proposed contract award. This period is referred to as the 'Alcatel' standstill period.

**Contact Officer:**

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**Consulted:**

Other Organisations who may use Framework

**Annexes:**

None - Part 2 report with financial details attached to agenda as item 27.