

# Cabinet

23 APRIL 2012

**CABINET MEMBER  
FOR HOUSING**  
*Councillor Andrew  
Johnson*

**TENDER ACCEPTANCE REPORT FOR A CONTRACT FOR  
SERVICING AND MAINTENANCE OF FIRE FIGHTING  
EQUIPMENT TO HOUSING PROPERTIES BOROUGHWIDE**

**Wards:  
All**

This report concerns the letting of a five year term contract to carry out the service and maintenance of fire fighting equipment to Council housing premises across the borough.

A separate report on the exempt Cabinet agenda provides exempt information about the results of the tendering process and recommends that approval be given to award the contract to the successful tenderer.

**CONTRIBUTORS**

TTS (BPM)  
HRD  
FCS  
FCSLs  
ADLDS  
EDFCG

**Recommendations:**

- 1. To note that the average anticipated works spend for this contract is £44,500 per full financial year, including an annual indexed uplift, and contingencies of 5%.**
- 2.. To note that the new contract is expected to start on 1 July 2012 for a period of five years with optional annual extensions up to a maximum of three years.**

**HAS AN EIA BEEN  
COMPLETED?  
YES**

**HAS THE REPORT  
CONTENT BEEN  
RISK ASSESSED?  
YES**

## **1. BACKGROUND**

- 1.1 The Regulatory Reform (Fire Safety) Order 2005, and the Management of Health and Safety at Work Regulations 1999 require that the Council takes responsibility for the maintenance of all fire fighting equipment within its housing properties.
- 1.2 Building & Property Management act on behalf of client departments as agents in matters relating to the tendering, administration and monitoring of this maintenance contract.
- 1.3 The estimated total value of the proposed five year contract exceeds the European threshold for services contracts. The market for services such as these is very limited and therefore the contract was tendered in accordance with the Open Procedure under the Public Contracts Regulations 2006 (as amended), which allows any contractor to tender without pre-qualification.
- 1.4 A Tender Appraisal Panel (TAP) has been set up to oversee the tendering process for the contract. This panel consists of officers from Building & Property Management, Housing & Regeneration, Procurement and IT Strategy, Legal Services and Finance.
- 1.5 The new contract is for a period of five years, with an option to extend for a further three years. The contract contains annual price fluctuation clauses linked to published industry indices to allow for inflation over the term of the contract.
- 1.6 The existing contract with Chubb Fire Mechanical expires on 30<sup>th</sup> June 2012, having been extended from 31<sup>st</sup> January 2012.
- 1.7 In the light of Housing & Regeneration's MTFs Transformation strategic procurement review, and the possible inclusion of fire fighting equipment servicing within the proposed major supply contracts, the contract includes a non-default break clause. Current indications are, however, that the servicing of fire fighting will remain outside the scope of the proposed major contracts.
- 1.8 The proposed works form part of the 2012/2017 Housing Revenue Account Programme.

## **2. BRIEF DETAILS OF THE WORKS**

- 2.1 The proposed works consist of the regular servicing and repair to dry and wet risers, hose reels, fire extinguishers, fire blankets and sprinkler systems located in housing premises across the borough.

## **3. TENDER PROCEDURE**

- 3.1 A Contract Notice was placed in the Official Journal of the European Union on 19 September 2011, requesting Economic Operators to submit tenders under the Public Contracts Regulations Open Procedure. Contractors were required to apply a percentage adjustment to a pre-priced schedule of rates and complete a quality submission, providing information in respect of their technical and

financial credentials for carrying out the scope of works proposed. The quality submission required contractors to respond to pre-defined weighted questions prepared by Building & Property Management (BPM). As part of the quality assessment, contractors were also required to submit the names of three referees to be used as references to be taken up by the Council following close of tenders. The tender exercise was undertaken electronically using the London Tenders e-portal.

3.2 The criteria for determining the most economically advantageous tender were:

- Price and financial provision of the tender (lowest valid tender percentage)
- Satisfactory response to a pre-prepared Questionnaire, including references

#### **4. PROGRAMME OF WORK**

4.1 The anticipated programme of work is as follows:

Cabinet	23 April	2012
Issue Leaseholder Notices of Proposal	N/A	
Leaseholder Notices of Proposal Expire	N/A	
Alcatel Period Expires	27 April	2012
Issue Letter of Acceptance for new contract	28 April	2012
Proposed Commencement	01 July	2012
Anticipated Completion	30 June	2017

#### **5. COMMENTS OF THE ASSISTANT DIRECTOR OF PROPERTY SERVICES (HOUSING & REGENERATION)**

5.1 The Assistant Director of Property Services (Housing & Regeneration) is in agreement with the recommendations in this report.

#### **6. DETAILS OF FUNDING PROVISION**

6.1 Funding for this scheme is contained within the 2012/13 BPM delegated Housing Revenue Account funded budget for Mechanical & Electrical and other repairs in the sum of £40,800 excluding fees.

6.2 The cost of the proposed works is subject to an annual rate increase in line with the Indices for Maintenance Costs, published under the "Updating Percentages – Adjustments for Measured Term Contracts 'Building and Specialist Engineering Formulae Indices'. Based on an annual rate increase of 5% the anticipated cashflow of the project is as follows:

	<b>2012/13</b> <b>£</b>	<b>2013/14</b> <b>£</b>	<b>2014/15</b> <b>£</b>	<b>2015/16</b> <b>£</b>	<b>2016/17</b> <b>£</b>	<b>2017/18</b> <b>£</b>	<b>Totals</b> <b>£</b>
Works:	28,407	39,770	41,758	43,846	46,039	12,085	<b>211,905</b>
Contingency Sum:	1,420	1,989	2,088	2,192	2,302	604	<b>10,595</b>
Fees:	3,728	5,220	5,481	5,755	6,043	1,586	<b>27,813</b>
<b>Total:</b>	<b>33,555</b>	<b>46,979</b>	<b>49,327</b>	<b>51,793</b>	<b>54,384</b>	<b>14,275</b>	<b>250,313</b>

## **7. LEASEHOLDER CONSULTATION - SECTION 20 OF THE LANDLORD AND TENANT ACT 1985 (AS AMENDED BY SECTION 151 OF THE COMMONHOLD AND LEASEHOLD REFORM ACT 2002)**

- 7.1 The individual leaseholder contributions are unlikely to exceed £100. Consequently, there is no requirement for statutory leaseholder consultation for this contract.

## **8. RISK MANAGEMENT**

- 8.1 Risks relating to the project's pre-construction processes have been ascertained, and the project will not commence until the necessary actions identified on the register have been undertaken. A post-contract risk register will be developed jointly with the contractor once they have been appointed, in order that risks can be managed throughout the duration of the project.

## **9. EQUALITY IMPLICATIONS**

- 9.1 An Equalities Impact Assessment has been completed and is available on request

## **10. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE**

- 10.1 The cashflow for this scheme in 2012/13 is £29,827 excluding fees. This is contained within the 2012/13 BPM delegated Housing Revenue funded budget for Mechanical & Electrical and other repairs in the sum of £40,800 excluding fees. The cost of the existing contract for the period 1 April to 30 June 2012 is estimated to be £10,200. This will result in a funding surplus of £773 in 2012/13 which will be used to offset any potential overspends in the BPM delegated Housing Revenue Account funded budgets.
- 10.2 Provision will need to be made in the 2013/14 to 2017/18 Housing Revenue Account funded budget for M&E and other repairs for the commitment in future years.

10.3 The 2012/13 BPM internal fees budget was reduced from 15% to 12.5% as a result of the review of the repairs managed budgets exercise. The BPM fees in the cashflow in paragraph 6.2 have been assumed at 12.5%..

10.4 Further comments are provided in the separate exempt report.

## **11. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)**

11.1 It is noted that it proposed to award the contract to the tenderer who submitted the lowest price, having met all other requirements set out in the tender documents. Legal services have been represented on the TAP and support the recommendations set out in this report.

## **12. COMMENTS OF THE ASSISTANT DIRECTOR FOR PROCUREMENT & IT STRATEGY.**

12.1 The procurement process has been undertaken in accordance with the Public Contracts Regulations 2006 (as amended) and the Council's Contract Standing Orders. The AD has been represented on the Tender Appraisal Panel and agrees with the recommendations contained in the report.

12.2 It should be noted that in accordance with the above Regulations a Contract Award Notice must be published in the Official Journal of the European Union within 48 days of the contract being awarded.

### **LOCAL GOVERNMENT ACT 2000** **BACKGROUND PAPERS**

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	Project Manager	Keith Rouse Ext 4835	BPM / Transport & Technical Services 6 <sup>th</sup> Floor, HTH Ext King Street Hammersmith W6 9JU
2.	Procurement & Project documents	Keith Rouse Ext 4835	BPM / Transport & Technical Services 6 <sup>th</sup> Floor, HTH Ext King Street Hammersmith W6 9JU
3.	Project development	Ian Watts Ext. 1848	Housing & Regeneration 3 <sup>rd</sup> Floor, HTH Ext King Street Hammersmith W6 9JU

<b>CONTACT OFFICER:</b>	<b>NAME:</b> Sally Williams x 4865 Velma Chapman x 4807
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