


Executive Decision Report

Decision maker(s) at each authority and date of Cabinet meeting, Cabinet Member meeting or (in the case of individual Cabinet Member decisions) the earliest date the decision will be taken	Full Cabinet Date of decision: 30 March 2015	
	Nicholas Holgate as Chief Executive has pre-delegated constitutional authority in respect of Insurance arrangements under Part 3 Section C – Functions delegated to Officers – Section 10 – “To effect all insurance cover, including the approval / acceptance of contracts for insurance cover”. Date of decision (i.e. not before): <i>[insert]</i>	
	Steven Mair – City Treasurer consultation with Councillor Caplan as required Date of decision (i.e. not before): <i>[insert]</i>	
Report title (decision subject)	AUTHORITY TO AWARD SHARED SERVICE STATUTORY ENGINEERING INSPECTION SERVICE FOR LBHF, RBKC AND WCC FOLLOWING CAPITALESOURCING AND OJEU COMPLIANT TENDER PROCESS	
Reporting officer	Moyra McGarvey – Tri-Borough Director for Fraud, Audit and Insurance and Risk. Report prepared by Ray Chitty – Tri-Borough Insurance Manager	
Key decision	Yes	
Access to information classification	Public. A separate report on the exempt Cabinet agenda provides exempt information in relation to the procurement process.	

1. EXECUTIVE SUMMARY

- 1.1. The report analyses the tender responses to the procurement of statutory engineering inspection services.
- 1.2. This service is required in order to comply with all three Borough's statutory obligations for certain items of plant such as Lifts and Boilers are certified as safe for continued service in compliance with the Health and Safety Executive regulations. This compliance testing must be carried out by certified and independently qualified engineers to those responsible for routine maintenance and repair services at the Boroughs.

2. RECOMMENDATIONS

- 2.1. Based on the conclusions in Section 6 of this report "Options and Analysis" the following is recommended: -
- 2.2. **LBHF** – That approval be given to the award of the contract for statutory engineering inspection services to Bureau Veritas for a three contract period (total contract award over three years £186,381).
- 2.3. **RBKC** – To approve the award of the contract for statutory engineering inspection services to Bureau Veritas for a three contract period. Total contract award over three years £153,000.
- 2.4. **WCC** - To approve the award of the contract for statutory engineering inspection services to Bureau Veritas for a three contract period. Total contract award over three years £293,309.

3. REASONS FOR DECISION

- 3.1. The reason for these recommendations to award the contract following competitive tender is that the terms are the most economically advantageous financial terms for all three boroughs to procure statutory engineering inspection services as analysed and concluded in section 6 of this report "Options and Analysis".

4. BACKGROUND

- 4.1. With reference to "CAB notification of the intention to procure statutory engineering inspection services" the three boroughs have since 2012 collectively procured this service.

Notwithstanding the expiry of the previous contract term the decision was taken to re-tender rather than extend for two years. This followed a recommendation to re tender with a greater quality / price balance, improved stakeholder

involvement and improved governance and contract monitoring arrangements after some service delivery issues.

- 4.2. A competitive procurement exercise was undertaken under the “Restricted” procurement procedure requesting responses in accordance with the service requirements of the Invitation to Tender (ITT) which included the following features: -

– On site audit during each inspection to verify all plant present against schedule new items requiring statutory inspection and only statutory inspection to be added and advised to the Council contacts to be provided.

Confirmation that all plant will be inspected at least 30 days prior to expiry of current statutory certification and immediate reporting if attainment or adherence to this service standard is in doubt

Weekly summary reporting by plant schedule sub group as detailed below confirming % of inspections on target; allocated resources for the following week and expected % on target by week’s end.

Indemnity against all costs, fines and any ensuing investigation charges imposed by the Health and Safety Executive or similar body against the Authorities arising directly from supplier failure to deliver upon the contract and service specification provisions including appropriate site audit activity to identify new plant at regular inspection visits.

- 4.3. Four bidders responded at the Pre-Qualification Questionnaire (PPQ) stage, one was eliminated as they were not a full member of the Safety Assessment Federation (SAFED) accredited to the international levels for inspection bodies.
- 4.4. Another dropped out close to final bid deadline as they did not consider they had the resources to deliver the contract. Tender responses were therefore only received from two bidders, one of which was the existing supplier.
- 4.5. Remaining bidders also gave a system demonstration to stakeholders on the 23rd January 2015 and answered questions about the proposed service delivery.

5. PROPOSAL AND ISSUES

- 5.1. To award the contract for Engineering Inspection Service an OJEU tender compliant process following a “Restricted” procurement process with reference to the recommendations and the options and analysis undertaken to support those recommendations on a shared services basis for LBHF, RBKC and WCC.
- 5.2. To note that following contract award the new contract will be on the long form services contract and will incorporate all the improvements sought and referenced in 4.2 above.

6. OPTIONS AND ANALYSIS

- 6.1. With reference for all boroughs, Appendix A was the Invitation to Tender (ITT) document issued and in particular reference contains the evaluation and award criteria. Further comment is in the exempt report.

7. CONSULTATION

- 7.1. The report is following the full Cabinet report route with appropriate consultation in accordance with that process for LBHF and referral for authorisation to the RBKC Chief Executive and WCC City Treasurer. The report applies equally to all Wards in LBHF, RBKC and WCC.

8. EQUALITY IMPLICATIONS

- 8.1 Not applicable.

9. LEGAL IMPLICATIONS

- 9.1. Failure to discharge statutory duty for a system to certify plant is safe for operation may lead to prosecution or fines from the Health and Safety authorities.
- 9.2. Insurance is a Part A service under the Public Contracts Regulations 2006 as amended, which apply to current procurements till the new Public Contracts Regulations kick in from 26 February 2015, and a competitive procurement using the Restricted Procedure would be in compliance with the Council's obligations under the applicable Regulations.
- 9.3 Implications confirmed by: Babul Mukherjee: Bi-Borough Legal Services.Tel. 02037613419.

10. FINANCIAL AND RESOURCES IMPLICATIONS

- 10.1. **LBHF** financial and resource implications – Endorsed by Andrew Lord – Head of Strategic Planning and Monitoring – Corporate Finance LBHF

The current annual charge for engineering inspection services is £100,386.00 plus VAT per year. Following procurement the new cost will be £62,127.00 plus VAT per year. Whilst this appears to be a procurement saving it is reflective of changes in the schedule after pre-tender audit process; unit costs will not have changed significantly.

The anticipated saving from the new contract will be taken account of within the Council's Medium Term Financial Strategy Process.

10.2. **RBKC** financial and resource implications – Endorsed by Lyn Myers – Group Finance Manager

The current annual charge for engineering inspection services is £80,207.00 plus VAT per year. Following procurement the new cost will be £51,000.00 plus VAT per year. Whilst this appears to be a procurement saving it is reflective of changes in the schedule of plant requiring statutory inspection, unit costs will not have changed significantly.

10.3. **WCC** financial and resource implications – Endorsed by Matthew Davis – Head of Corporate Finance

The current annual charge for engineering inspection services is £76,307.68 plus VAT per year. Following procurement the new cost will be £97,769.66 plus VAT per year. Whilst this appears to be a procurement increase it is reflective of changes in the schedule of plant requiring statutory inspection, unit costs will not have changed significantly.

11. **PROCUREMENT IMPLICATIONS**

11.1. Procurement process to comply with OJEU regulations following a “Restricted” procurement process. Final contract award to be approved in accordance with each Council's Contract Standing Orders and the Tri-Borough Procurement Code.

11.2. Contract award process verified by in consultation with Mark Cottis – LBHF, Chetan Jethwa – WCC

12. **RISK MANAGEMENT**

12.1 Approval of the awards will ensure that the Council's statutory duty to inspect lifts and boilers will have been met in accordance with risk number 8 of the shared service risk register, managing statutory duty – compliance with law and regulations. Additionally where savings have been made these contribute positively to the management of budget risk, number 1 on the register. Market testing risk, achieving best value for the taxpayer, risk number 4 will also have been achieved.

Moyra McGarvey
Tri-Borough Director of Fraud, Audit, Insurance and Risk

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Bids/quotations (exempt)	Ray Chitty 07739315565	Tel. Tri-Borough insurance

Contact officer(s): Ray Chitty – Tri-Borough Insurance Manager – Ray.Chitty@rbkc.gov.uk - 07739315565

Appendix A – ITT document for procurement of statutory engineering inspection services