

Report of: Head of Facilities Management and Corporate Procurement

To: Executive Board

Date: 21st April 2008

Item No:

Title of Report : Award of a Corporate Contract for the Servicing and Maintenance of Boilers for Oxford City Council



Summary and Recommendations



Purpose of report: To grant project approval and award of a corporate contract for the servicing and maintenance of boilers for Oxford City Council.



Key decision: Yes

Portfolio Holder: Councillor Jim Campbell, Better Finances

Scrutiny Responsibility: Finance Scrutiny Committee



Ward(s) affected: All

Report Approved by:

Councillor Jim Campbell

• Tim Sadler, Executive Director - City Services

Michael Crofton-Briggs, Interim Executive Director - City Regeneration

Paul Sheppard

• Dave Higgins

Lindsay Cane

• John Hill, Business Manager for Built Environment

• Graham Bourton, Head of Oxford City Homes


Policy Framework: Oxford City Council Corporate Plan

- Be an effective and responsive organisation, providing value for money services.



Recommendation(s):

That the Executive Board agrees:

1. To award a contract to **Barker & Evans Limited for the provision of a corporate contract for the servicing and maintenance of boilers for Oxford City Council.**
2.  To the contract being for 3 years starting on 1st May 2008 with an option to extend the contract for up to 2 further years.

1 Background

- 1.1 Initially, the Corporate Procurement Department were approached by Steve Holt, Leisure Operations Manager, with a request to arrange a tender for a 3-year contract for the servicing and maintenance of boilers at 5 leisure sites.
- 1.2 As a result of a corporate options appraisal, involving Leisure, Oxford City Homes and Building Design and Construction, it was decided that the specialist nature of the leisure sites would better suit a combined boiler and plant maintenance contract. This contract is to be covered separately.
- 1.3 However, as a result of the options appraisal involving Oxford City Homes and Building Design and Construction, it was decided that there was sufficient commonality between these two areas to warrant a corporate contract for the preventative maintenance and breakdown cover of a range of mainly commercial boilers, involving everything from large municipal buildings, such as the Town Hall and St Aldates Chambers, to community centres, sports pavilions and sheltered housing blocks. **Note:** This contract does not include the majority of the housing stock, which is maintained in-house by Oxford City Homes personnel.
- 1.4 Oxford City Council currently spends in the region of £70,000 per annum on the servicing and maintenance of boilers across the sites covered by this proposed contract, with up to £20,000 being spent by Oxford City Homes via one supplier and in the region of £50,000 being spent by Building Design and Construction with another supplier. Should the new proposed contract run to its full term, including the entire two-year extension, the potential lifetime value would be in the region of £350,000. This expense falls within the existing budget and the aim of this proposed contract is to both reduce overall expenditure while also improving the level of service provided by a single dedicated contractor.

- 1.5 The stakeholder consultation process, involving discussions with all relevant departments, threw up the need for flexibility within the contract with major inspections being conducted between the months of April and September. It was noted that such a contract would also provide the opportunity for a single Contractor to make a detailed record of all the appliances, allowing the Council to maintain such appliances in a more cost-effective manner – not only in bottom line savings but also in the cost to the environment, as better-maintained boilers are more efficient. From the outset, it was agreed that such a contract would contain performance indicators whereby the Contractor would have to demonstrate year-on-year maintenance savings via improved management of the appliances.
- 1.6 It was also noted that there was a need for some appliances to be under a 2-hour emergency breakdown cover while others would only need to be under a 24-hour response time.

2 Tender Process and Evaluation

- 2.1 An advertisement was placed in the local press, our website and other national websites, a professional journal and the Official Journal of the European Union in January 2008. It was decided that the tender would be managed under an open procedure without the need for a pre-qualification process.
- 2.2 This contract attracted a good deal of interest both locally and nationally with 38 requests for tender packs. A total of 16 tender submissions were received by the deadline of 12 noon on 27th February 2008.
- 2.3 It was agreed with the stakeholders that the tender would be evaluated on a most economically advantageous basis with the contract being awarded to the Contractor who could demonstrate best overall lifetime value, with 60% of marks being awarded for quality and 40% for price.
- 2.4 It was also agreed that the form of contract would be the Federation of Property Societies' Perform21 Public Sector Partnering Contract (Option 1 – Term Maintenance, Measure and Value) promoting a spirit of shared risk and mutual trust.
- 2.5 The evaluation panel for this tender consisted of the following Council Officers:
- John Bellenger, Section Manager, Building Design and Construction
 - Keith Reynolds, Senior Building Services Engineer, Building Design and Construction
 - Neil Smith, Building Surveyor, Building Design and Construction
 - Barry Smith, Gas Services Manager, Oxford City Homes
 - Viv Hichens, Procurement Officer

- 2.6 Each of the Officers listed in section 2.5 marked all 16 tender submissions using the tender evaluation guidelines made available to all tenderers. A total of 75% of the final scores were available to all tenderers at this stage.
- 2.7 As a result of the initial evaluation of the tenders it was decided that 4 companies should be short-listed on the basis of demonstrating that they could both fulfil the service to the standard required by the Council and provide a competitive pricing structure as benchmarked against current pricing levels paid by the two business units. **Note:** The tenderer offering the lowest price was not short listed due to not being able to provide key elements of the contract.
- 2.8 Each of the tenderers on the shortlist were required to answer a further 6 generic questions during their presentations, giving them an opportunity to put flesh on the bones of their tender submissions. Each of the companies on the shortlist were then asked further questions specifically relating to their individual tenders. Each of the 4 tenderers was assessed on the answers to both groups of questions, with a further 25% of the overall scores available.
- 2.9 Appendix 1 shows a summary of the scores at the tender marking stage, with points and positions listed for quality, price and overall scores, and the presentation stage with the grand total collating scores from both stages.
- 2.10 As a result of the both the tender evaluation and the presentations it was decided that the contract should be awarded to Barker and Evans Ltd on the basis of:
- Experience, technical capacity and ability as demonstrated by their tender submission and their answers to the presentation questions, where they were the only tenderer to truly address the issues raised by the questions set for the presentations.
 - 3 completed reference questionnaires provided by Officers of Oxfordshire County Council, Cherwell District Council and Warwickshire Police Authority, rating the overall service provided under current contracts as good to excellent.
 - The green light from a Wyse Assist credit check report and submission of the company's last 3 years accounts.
 - A workable and competent business continuity plan.
 - Evidenced and workable Equal Opportunities, Environmental and Health & Safety policies.
 - A competitive pricing schedule representing approximately an 11% saving on prices currently paid for preventative maintenance, emergency callout and mark-up on supply of parts. **Note:** As the pricing structure is fixed for three years this will equate to a saving of more than 11% on current prices paid over the lifetime of the contract.

3 Other Options

3.1 The Constitution and Procurement Strategy advises that the Executive Board considers what other options are available before giving major project approval and awarding a contract over 100K. These are detailed below.

3.2 Continue as we are

Should we continue to purchase £50,000 per annum from one supplier £20,000 per annum from another supplier we risk contravening public sector procurement legislation and go against best practice – i.e. the level of annual expenditure on the maintenance of boilers dictates that the service should fall under an OJEU tender, giving all organisations within the EU an opportunity to tender for this work.

3.3 Set up a framework agreement with a number of suppliers

Awarding a framework would lose the gains on price and service to be won from a single Contractor.

3.4 Use a contract set up by another organisation

Having appraised boiler service maintenance contracts available with other organisations those that exist do not demand the same level of service or provide as competitive a pricing schedule as the Council enjoys under current arrangements.

4 Benefits of this contract

4.1 A single corporate contract covering a wide and diverse range of appliances allows the Council to ensure the best possible service at a competitive price.

4.2 The use of a single Contractor for up to 5-years allows the Council to set cost reduction targets whereby the Contractor will need to demonstrate the cost effective preventative maintenance of all appliances that fall within the remit of the contract.

4.3 The use of a partnering contract enables a more effective working relationship with the Contractor ensuring a better overall service.

4.4 Should there ever be a shortfall within the Oxford City Homes engineer team this Contractor will be able to provide necessary cover. The terms of the Contract do not dictate any level of work, but make allowances as and when the need arises.

4.5 Economies of scale and the length of the contract with fixed prices for the first three years mean that the Council will save a minimum of 11% on maintenance prices compared to current pricing levels.

5 Financial Implications

5.1 See point 4.5 above.

6 Legal Implications

- 6.1 This contract has been tendered in accordance with the EU procurement regime. It therefore complies with both the Council's own procurement requirements and external regulation.

7 Staffing Implications

- 7.1 There are no staffing implications.

8 Other means of achieving this objective

- 8.1 Other means of achieving this objective are explained in paragraph 3.

9 Recommendation

That the Executive Board agrees:

- 9.1. To award a contract to Barker & Evans Limited for the provision of a corporate contract for the servicing and maintenance of boilers for Oxford City Council.**
- 9.2 To the contract being for 3 years starting on 1st May 2008 with an option to extend the contract for up to 2 further years.**

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Background pages:

Not applicable.