

**To: Finance, Resources and Customer Services Policy Board**

**On: 7 June 2017**

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**Report by:**

**Joint Report**

**By**

**The Chief Executive and Director of Development and Housing Services**

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**Heading:**

**Contract Authorisation Report**

**MTC for District Heating Maintenance**

**RC/OC/226/17**

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## **1. Summary**

- 1.1 The purpose of this report is to seek the approval of the Finance, Resources and Customer Services Policy Board to award a SBCC Measured Term Contract (MTC) for Use in Scotland (MTC/Scot), 2011 Edition, for the District Heating Maintenance of seven sheltered housing complexes.
  - 1.2 A Contract Strategy was approved by the Strategic Commercial Category Manager and the Housing Asset and Investment Manager on the 14 March 2017.
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## **2. Recommendations**

- 2.1 It is recommended that the Finance, Resources and Customer Services Policy Board:
    - 2.1.1 Authorise the Head of Corporate Governance to award the contract for the MTC for District Heating Maintenance, RC/OC/226/17, to Advanced Energy Management Services Limited.
    - 2.1.2 Note that the ceiling value of the contract is £198,000, excluding VAT, over the initial three year term. If the option to extend the contract for the full two years is taken up, it is anticipated that the overall spend during the extended contract period should not exceed £150,000 , giving a total contract value over the 3+1+1 years of £348,000 excluding VAT.
    - 2.1.3 The Contract will commence on 3 July 2017, or the date confirmed in the Letter of Acceptance.
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## **3. Background**

- 3.1 The Measured Term Contract for District Heating Maintenance providing planned preventative maintenance and reactive maintenance for seven sheltered housing complexes, covering between 14 and 34 flats in each complex, will support Development and Housing Service in delivering its obligations to maintain the central boiler plant at these properties.
- 3.2 The contract was tendered in accordance with the above EU Threshold Open Procedure (Services) and the Council's Standing Orders Relating to Contracts.
- 3.3 A contract notice was published on the Public Contracts Scotland advertising portal on 20 March 2017. Sixteen suppliers expressed an interest in the tender and four tenders were received by the deadline for submissions of 12 noon on 21 April 2017.
- 3.4 To ensure that tenderers comply with the minimum requirements of the tender, tenderers were asked to complete the European Single Procurement Document (ESPD) in accordance with statutory requirements.
- 3.5 Responses were assessed by representatives from Corporate Procurement, Corporate Risk, Corporate Health & Safety and Property Services. Advanced Energy Management Services Limited met the specified turnover requirement of £135,000 for the last 2 years but did not meet the required Dunn and Bradstreet failure score of 20 or above. Further financial appraisal was

undertaken and based on further assessment, Advanced Energy Management Services Limited were taken forward in the tender process

3.6 All were then evaluated against a set of award criteria which was based on a price / quality ratio of 70% / 30%.

3.7 The scores relative to the award criteria of each tenderer are as follows:

Company	Price Score (70%)	Quality Score		Total Score (%)	Ranking
		Technical (20%)	Community Benefits (10%)		
Advanced Energy Management Services Limited	70	10	6.45	86.45	1
Richard Irvin and Sons Ltd	32.60	15	8.20	55.80	2
BAM FM Ltd	31.06	15	3.90	49.96	3
City Technical Services (UK) Ltd	18.70	20	9.15	47.85	4

3.8 It is recommended that the contract be awarded to Advanced Energy Management Services Limited who, based on the evaluation, have provided the most economically advantageous tender.

3.9 As part of the services carried out under this contract will be on a reactive basis a confirmed budget cannot be determined at this stage, however, the maximum spend for the initial three year term is £198,000 for both planned preventative maintenance and reactive repairs. If the option to extend the contract for the full two years is taken up, it is anticipated that the overall spend during the extended contract period should not exceed £150,000. The cost in respect of this contract is being met by the Housing Revenue Account.

3.10 Community benefits were sought as part of this procurement exercise and Advanced Energy Management Services Limited has committed to the delivery of the following community benefits during the delivery of this contract:

Description	Quantity
Work Experience Placements (16+ years)	1
Further Education Visits	5
School Visit	1
Supply chain Briefings with SMEs	4
Mentoring/business support for a third sector organisation	1

Non financial support for a Community Project Business Mentoring for an SME	3
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## Implications of the Report

### 1. Financial

The financial stability of Advanced Energy Management Services Limited has been assessed in line with Clause 25 of Renfrewshire Council's Contract Standing Orders Technical and Financial Checks and also after discussion with the Service and further financial appraisal, it has been agreed that the financial risk to the Council is minimal.

### 2. HR & Organisational Development

N/A

### 3. Community Planning

Advanced Energy Management Services Limited has committed to deliver a number of community benefits for each of the contracts as detailed in section 3.10 of this report.

### 4. Legal

The tendering procedures for the establishment of this contract were in accordance with Renfrewshire Council's Standing Orders Relating to Contracts for above EU Threshold Services contracts and Public Contracts (Scotland) Regulations 2015.

### 5. Property Assets

In carrying out the maintenance and repair of the central boiler plant at seven sheltered housing complexes, the council is meeting their requirement to ensure that their housing stock is of an appropriate standard, which is one of the objectives of Planning and Housing Services as outlined in Development and Housing Service Improvement Plan 2016/17- 2018/19.

### 6. Information Technology

N/A

### 7. Equality & Human Rights

The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

## **8. Health & Safety**

Advanced Energy Management Services Limited's health and safety submission was evaluated by Corporate Health and Safety and met the Council's minimum requirements regarding health and safety.

## **9. Procurement**

The Procurement procedures outlined within this report ensure that the Council meets its statutory requirements in respect of procurement procedures, efficiency and modern Government.

## **10. Risk**

Advanced Energy Management Services Limited's insurances have been assessed and evaluated to confirm that they have met the minimum requirements regarding insurable risk.

## **11. Privacy Impact**

N/A

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### **List of background papers**

(1) None

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