

# Harborough District Council



## Report to the Cabinet Meeting of 4 September 2023 (Appendix A and B – Exempt)

<b>Title:</b>	<b>Mechanical &amp; Electrical Management Contract (Appendix A and B – Exempt)</b>
<b>Status:</b>	Public with exempt appendix not for publication by virtue of paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972.
<b>Key Decision:</b>	Yes
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<b>Portfolio Holder:</b>	Portfolio – Finance, Councillor Mark Graves
<b>Appendices:</b>	<b>Appendix A and B (Exempt)</b>

### Summary

- i. To provide an effective Mechanical and Electrical (M&E) maintenance service is essential to the successful management and use of Council owned buildings including The Symington Building, Harborough Innovation Centre, Harborough Market Hall and a number of pavilions and public toilets, ensuring the longevity of all plant and machinery and ensuring the Council complies with its statutory obligations.
- ii. The existing M&E contract expires on 31 October 2023, and the award of a new contract to commence from 1 November 2023 will ensure continuity of services and compliance of the property portfolio. The procurement method used for the renewal of the contract was an open procedure, compliant with the Public Contract Regulations 2015 managed by Welland procurement in partnership with the Council.

### Recommendations

1. That Cabinet approves the award of a contract for Mechanical & Electrical maintenance commencing 1 November 2023 to contractor 1 identified through the recent open procedure tender process as detailed in appendix A
2. That Cabinet delegates authority to the Deputy Chief Executive Officer, in consultation with the Portfolio Holder, Finance together with the Head of Legal services to negotiate and finalise the contract, including minor variations.

## Reasons for Recommendations

- iii. To ensure that the Council appoints a suitable contractor to undertake M&E maintenance service which is essential to the Council's operation and function of the property portfolio.
- iv. The evaluation panel agreed that Contractor 1 should be offered preferred provider status based on the tenders submitted.
- v. Awarding a contract based on the tender submitted by Contractor 1 offers the best option and value for money for future M&E maintenance services.

## 1. Purpose of Report

- 1.1.0 To seek approval for the award of a contract that will secure the preferred contractor for the provision of Mechanical & Electrical (M&E) Maintenance services for Council owned buildings, including The Symington Building, Harborough Innovation Centre, Harborough Market Hall and a number of pavilions and public toilets, where the Council have responsibility for repairs and maintenance.

## 2. Background

- 2.1. M&E compliance is essential to the Council's operation and function of the property portfolio and as such the Council awarded a contract for M&E services that commenced on 1 November 2015 to Kershaw Mechanical Services Limited.
- 2.2. Kershaw Mechanical Services Ltd entered administration on 1st April 2022. Subsequently, NG Bailey Facilities Services Limited acquired the business from the administrators and have since provided the service to the Council under a deed of variation of the contract.

## 3. Details

- 3.1 The existing M&E contract expires 31 October 2023, award of a new contract to commence from 1 November 2023 will ensure continuity of services and compliance of the property portfolio. The procurement method used for the renewal of the contract is an open procedure, compliant with the Public Contract Regulations 2015.
- 3.2 There is a requirement to appoint M&E servicing contract to carry out regular servicing and planned preventative maintenance of M&E installations within Council owned buildings. The scope of requirements is:
  - Servicing: To service and maintain Mechanical and Electrical (M&E) equipment in the Council's property portfolio.
  - Repairs: To provide a call out service to attend to breakdowns of equipment and to undertake repairs.

The scope of work shall include one or more of the following for the services indicated and has been specified, where appropriate, in accordance with Standard Maintenance Specification for Services in Buildings (SFG20):

- a) Inspection and testing.
- b) Planned maintenance.
- c) Remedial works arising from planned inspections or maintenance.
- d) Responsive repairs, including out-of-hours callouts.

Services covered by the contract include.

<b>Service</b>
03: Air Handling Units
05: Boilers/Heat Generators
11: Communications - Public Address Systems
14: Control Panels & Controllers
16: Ducting
17: Ductwork
20: Fans
22: Fire Alarm System
23: Fire Protection Systems
24: Flues
26: Grilles & Diffusers
28: Heat Emitters
29: Heat Exchangers
32: Hot Water Supply
35: Insulation
36: Lighting
37: Emergency Lighting
38: Lightning Protection
40: Pipework systems
43: Power Generation
44: Power Supplies
45: Pumps
48: Sanitary & Waste Water Plumbing
49: Security Systems
54: Split Systems Including Heat Pumps
56: Storage Tanks
65: Water Treatment
70: High Voltage Works
Shutters
Lifts
Mansafe System
Automatic Doors
Rainwater Harvesting System

- 3.3 This is a routine procurement exercise that represents 'business as usual' and is essential to maintain the Council's operations and function. Authorisation of the award by Cabinet is necessary because the value of the contract exceeds £200,000 (HDC Procurement SORP, 28.1).
- 3.4 The tender documents include all buildings where the Council are responsible for repair and maintenance including The Symington Building, Harborough Innovation Centre, Harborough Market Hall, and a number of pavilions and public toilets. This ensures that the appropriate level of maintenance is undertaken and that the statutory compliance requirements are met, thus that the Council is able to demonstrate effective health & safety management. These buildings need to be maintained and serviced to enable the

Council to meet its statutory duties and to ensure Council services can continue to be delivered.

- 3.5 The procurement method used for the renewal of the contract was an open procedure, compliant with the Public Contract Regulations 2015. This means it is a single stage process with no short-listing. As such, the completed response document comprises the entirety of a bidder's tender submission. The tender was conducted using the Pro Contracts e-tendering system and followed the process set out in the tender documentation, being managed by Welland procurement in partnership with the Council.
- 3.6 Weighting of the tender evaluation was:
- a) Technical: 40%
  - b) Price: 60%.

The pricing schedule was evaluated in two parts.

- a) Planned Preventative Maintenance/Mobilisation/Staff Training
  - b) Reactive Maintenance/Call Outs
- 3.7 Tenders were evaluated by a panel of four. One tender was received and was compliant and agreed as acceptable by the Evaluation Panel, and there was a unanimous consensus within the Panel.
- a) A summary of the tender submission is included as Appendix A.
  - b) The Evaluation Panel agreed that Contractor 1 should be awarded preferred provider status and the contract for M&E maintenance; the decision is subject to a statutory 'standstill' period of ten days. Award of the contract is subject to Cabinet approval, due diligence, and agreement of the final contract.
  - c) The initial contract term will be for a period of 3 years from November 2023. Contract period extensions of a maximum of 3 further years in one -year increments, may be granted by the Council, subject to satisfactory performance by the contractors.
  - d) The length of contract has been chosen to give the maximum benefit from a longer contract amortising the initial lead-in costs over a longer period as the contractor becomes familiar with the buildings and specific installations. It also provides flexibility for the Council around options for the property portfolio.
  - e) The contract offers the flexibility to add or remove buildings during the contract with explicit pricing to benefit from savings if properties are sold or let on full repairing terms.
  - f) The contract will include a number of key performance indicators including. Targets are based on previous performance of the M&E contract.
    - i. Statutory compliance (target 100%).
    - ii. Planned inspections, testing and maintenance programme (target 97%)
    - iii. Responsive repair jobs completed 'first time fix' (target 75%)
    - iv. Responsive repairs completed within target time (target 90%)

## 4. Implications of Decisions

### Corporate Priorities

- 4.1 The recommendations will enable the Council to secure value for money and financial sustainability, whilst acknowledging the importance of creating a sustainable

environment and carbon reduction and allowing action to support these goals throughout the term of the contract.

### **Consultation**

4.2 The options for M&E Maintenance have been discussed with Head of service and Managers of the services for both the Harborough Innovation Centre and Harborough Market Hall.

### **Financial**

4.3 Appendix B gives details of the financial implications for the Council.

4.4 The recommendation offers the best means of achieving value for money and financial sustainability.

4.5 It should be noted that there will be additional expenditure, in addition, to the service contract figure for reactive maintenance for breakdowns, etc.

4.6 A percentage of the cost for the M&E Contract both planned preventative maintenance and reactive work will continue to be included in the service charge for those tenants within The Symington Building.

### **Legal**

4.7 Award of the contract is subject to Cabinet approval; the option of deciding not to proceed is available. However, the decision regarding the choice of provider could not be overturned without exposing the Council to a serious risk of legal challenge.

4.8 The Council can either award a contract to Contractor 1 or award to no provider and seek an alternate approach.

4.9 The proposed form of contract is the JCT Standard Form of Measured Term Contract 2016 Edition.

4.10 Procurement of the M&E Contract through open procedure is compliant with the Public Contract Regulations 2015.

### **Environmental Implications**

4.11 Implementation of the recommendations will support the Council's commitment to become a net zero carbon Council by 2030 in so far as is possible within financial constraints.

### **Risk Management**

4.12 Failure to identify suitable M&E management arrangements could jeopardise the future operation of the property portfolio, delivery of frontline services and compliance with statutory requirements.

4.13 Failure to ensure compliance with the Council's statutory and regulatory obligations would leave the Council at risk of legal challenge and would potentially have similar implications. The risks will be mitigated through an effective, efficient, and compliant procurement process.

4.14 The contract model utilised allows flexibility in taking properties in / out of the contract if sold or let on full repairing terms, and the appropriate cost reduction.

### **Equalities Impact**

4.15 None

### **Data Protection**

4.16 None

## 5 Alternative Options Considered

5.1 **In-house option** has been considered however there are a number of limitations regarding this option:

- Lack of in-house resources to manage these matters on a day-to-day basis.
- The elements of work would still require contractor input due to nature and specialist requirements.
- Due to the above, this would not be a cost-effective option.

### 5.2 Multiple Contracts

This option has been considered, however, there are a number of limitations with regard this option.

- Lack of in-house resources to manage these matters on a day-to-day basis.
- Need to co-ordinate various contractors, on occasions this can be resource intensive.
- Increased HDC management resource required to manage individual contracts.
- Due to the above, this would not be a cost-effective option, as any savings on the individual contracts will be offset and more by the additional management resource required.

### 5.3 Single Contract

This option has been considered and provides a number of benefits.

- Less need for in-house resources to manage these matters on a day-to-day basis. Contract Management could be accommodated within existing asset management team.
- Contractor will co-ordinate various staff/sub-contractors and ensure that the correct operative is called on the first occasion.
- Less HDC management resource required to manage a single contract.
- Due to the above, this would be the most cost-effective option and will deliver the necessary outcomes.

## 6 Background papers

6.1 None