

Item No.	Classification: Open	Date: 26 February 2013	Meeting Name: Deputy Leader and Cabinet Member for Housing Management
Report title:		Gateway 2 - Contract Award Approval: Fire Fighting Equipment, Fire Alarms, Emergency Lighting and Warden Call Systems Plus Door Entry Contract	
Ward(s) or groups affected:		All Wards	
From:		Strategic Director of Housing and Community Services	

RECOMMENDATION

1. That the Deputy Leader and Cabinet Member for Housing Management approve the award of the Fire Fighting Equipment, Fire Alarms, Emergency Lighting, Warden Call and Door Entry Contract to SCCI Alphatrack Ltd for a maximum of £730,000 per annum for a period of 3 years from 1 June 2013; plus the option for two 12 month extensions making a total maximum contract value of £3,650,000.

BACKGROUND INFORMATION

2. Currently the responsive and planned maintenance for fire fighting equipment, fire alarms, emergency lighting, warden call and door entry are being delivered through two separate contracts as detailed below:
 - a) Door Entry Systems - contractor: Silk and Mackman Services Ltd.
 - b) Fire Fighting Equipment, Fire Alarms, Emergency Lighting and Warden Call Installations - contractor: Lovelock and Taylour Ltd.
3. A Gateway 1 report setting out the strategy for the procurement of responsive and planned maintenance for door entry, fire fighting equipment, fire alarms, emergency lighting and warden call installations contract was approved on 16 July 2012.
4. The scope of the proposed contract encompasses the following workstreams;
 - Periodic testing of Fire Alarm Systems to meet statutory obligations.
 - Responsive repairs and maintenance to Door Entry Systems.
 - Responsive repairs and testing of Warden Call systems.
 - Testing and repairs to Fire Fighting Equipment.
 - Periodic testing of emergency lighting installations.
 - Automatic Opening Ventilation systems.
 - Some passive fire protection works.
 - Builders work in connection with services

Procurement project plan (Key Decision)

Activity	Completed by:
Forward Plan for Gateway 2 decision	28 May 2012
Approval of Gateway 1: Procurement Strategy Report	16 July 2012

Activity	Completed by:
Issue Notice of Intention	19 July 2012
Invitation to tender	29 Oct 2012
Closing date for return of tenders	05 Dec 2012
Completion of evaluation of tenders	21 Dec 2012
Issue Notice of Proposal	09 Jan 2013
DCRB: Review - Gateway 2:	11 Feb 2013
CCRB: Review – Gateway 2	14 Feb 2013
Notification of forthcoming decision – Five clear working days	26 Feb 2013
Approval of Gateway 2: Contract Award Report	06 March 2013
Scrutiny Call-in period and notification of implementation of	11 March 2013
Alcatel Standstill Period (if applicable)	18 March 2013
Contract award	19 March 2013
TUPE Consultation period	20 March 2013
Add to Contract Register	27 March 2013
Publication of award notice in Official Journal of European (OJEU)	27 March 2013
Contract start	01 June 2013
Contract completion date	31 May 2016
Contract completion date – if extension(s) exercised	31 May 2018

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

5. These services will maintain Housing's existing fire equipment and access assets and deliver regular planned inspections and maintenance to comply with current legislation. This includes housing blocks, sheltered housing units, temporary accommodation hostels and tenant's hall
6. The two existing contracts have been combined into a single contract to obtain better value for money and provide more efficiency.

Key/Non Key decisions

7. This report deals with a key decision.

Policy implications

8. The Fire Fighting Equipment, Fire Alarms, Emergency Lighting, Warden Call and Door Entry Systems contract provides an essential service to the community. It supports the council's statutory obligations as a landlord to comply with the following legislation and regulation;

- The Regulatory Reform (Fire Safety) Order 2005
- Building Regulations 2010
- The Housing Act 2004

Tender process

9. Following the placement of the OJEU advertisement, Expressions of Interest were received from 35 companies. Pre-Qualification Questionnaires (PQQ) were immediately dispatched to each of the companies.
10. The PQQ contained the following sections to be completed:
 - Section A – General Information (Info Only)
 - Section B – Financial (Pass or Fail)
 - Section C – Equal Opportunities (Pass or Fail)
 - Section D - Health and Safety (Pass or Fail)
 - Section E – References (Info Only) – it was required that references should relate to the case studies provided in Section H.
 - Section F – Environmental (Pass or Fail)
 - Section G – Quality (Pass or Fail)
 - Section H (Pass Mark of 50%) – Section H contained 9 questions with 6 having a Pass Mark of 50% or more.
11. The PQQ submissions were evaluated by the following members of the project team:

Section Evaluated	By whom (post)
General Information	Commercial Manager and Assistant Quantity Surveyor
Financial	Management Accountant
Equal Opportunities	Commercial Manager and Assistant Quantity Surveyor
Health & Safety	External Consultant – Potter Raper Partnership
References	Assistant Quantity Surveyor
Environmental	External Consultant – Potter Raper Partnership
Quality Assurance	External Consultant – Potter Raper Partnership
Technical	Electrical Engineer and Programme Manager

12. A total of 15 companies returned PQQ submissions by the required deadline of 28 September 2012. The Invitation to Tender (ITT) was sent out to the shortlisted companies on 24 October 2012.
13. It was the council's intention that six (6) companies should progress to the ITT stage. However, only five (5) of the submissions achieved the required standards set out in the PQQ.
14. A letter was received on 5 November 2012 from one of the shortlisted companies advising the council that they would not be tendering.
15. An "Information Day" was held on 7 November 2012 at Tooley Street and presented by the Commercial Manager and the Electrical Contracts Manager. This enabled the tenderers to attend and raise clarifications. Three out of the five shortlisted companies attended.

16. In total four (4) tenders were returned to Tooley Street by the tender return date of 5 December 2012. Tenders were opened on 6 December 2012 and checked for compliance.

Tender evaluation

17. The Tender Evaluation Panel (TEP) consisted of the following individuals, with areas of evaluation being conducted separately from each other.

Area Evaluated	By who (post)
Price (70%)	G.A.S. consultant and Commercial Manager
Quality (30%)	G.A.S. consultant, Electrical Contract Manager and Electrical Engineer

18. All returned tenders were checked for arithmetic accuracy and consistency with the ITT submissions.
19. Clarification with regards to the performance bond undertaking was required from all of the tenderers. Clarification responses confirmed that the recommended provider satisfied the councils requirements.
20. Tenders were evaluated using the council's standard 70% price 30% quality split. In addition, a Price Schedule Model was used, which contained various annexes covering the different work streams, hourly rates and the cost of a performance bond. The model included housing blocks, sheltered housing units, hostels and tenant resident association halls. This tendering approach is intended to preclude tactical tendering of any work streams and reduce the risk of uncontrolled expenditure.
21. Each annexe contained a pre priced schedule of rates and indicative quantities for each schedule based on previous historical data and the tenderers were required to put a + / -% against each annexe, including their hourly rate and cost of performance bond.
22. The quality assessment was based on information received from tenderers in response to method statements covering Mobilisation, Service Delivery and Management. Full detail of these criteria is contained in Appendix A.
23. Each member of the TEP independently assessed each method statement response using the scoring table found in Appendix A – Schedule 2 Evaluation Methodology. The TEP then checked the scoring for consistency and moderated where required. Final scores were calculated to ascertain the tenderer's overall score.
24. e table below sets out the combined price and quality scores.

	Tenderer	Total Score	Position
		100 Points	
Tender 1	SCCI Alphatrack Ltd	94.10	1st
Tender 2		84.26	3rd
Tender 3		74.95	4th
Tender 4		91.63	2nd

25. The award of contract is based on the Most Economically Advantageous Tender. It is therefore recommended that the contract is awarded to SCCI Alphatrack Ltd as they achieved the highest overall score.

Plans for the transition from the old to the new contract

26. The Electrical Contracts Manager and the Commercial Manager have developed an overall plan to manage and monitor this critical phase and ensure the transition from the current two contracts to a single contract is successful.
27. As soon as the contract is awarded;
- Weekly mobilisation meetings will be held with SCCI Alphatrack Ltd at Tooley Street.
 - Weekly site visits, in conjunction with the incumbent contractors, will be scheduled to familiarise SCCI Alphatrack Ltd with local conditions.
 - IT interfaces will be tested throughout the mobilisation period and training provided to ensure that SCCI Alphatrack Ltd can operate the iWorld system.
 - SCCI Alphatrack Ltd personnel will be inducted into relevant council procedures and systems.
 - Preparations for the final handover with incumbent contractors and SCCI Alphatrack Ltd will be completed prior to the contract commencing.
 - The Electrical Contracts Manager will be responsible for arranging meetings with key stakeholders (Call Centre, Housing Team, Sheltered Housing Team, Southwark’s Monitoring and Response Team) to ensure there is a seamless transition to the new repairs and maintenance contractor, SCCI Alphatrack Ltd.

Plans for monitoring and management of the contract

28. The Electrical Contracts Manager and Electrical Engineer will manage the contract and will be responsible for authorising works, inspecting quality and monitoring the performance of the contractor. The Engineering and Compliance Quantity Surveyor will manage commercial aspects of the contract. Engineering and Compliance Quantity Surveyors will review the monthly valuations and select jobs that require post inspections to ensure quality and financial accuracy. Monthly meetings will be undertaken and recorded.
29. Works orders will be raised and managed through iWorld, where all information relating to orders will be contained. The contractor will be required to provide 10% post-inspections that will be rigorously audited by the Electrical Engineer.
30. The table below shows the Key Performance Indicators for the contract.

	Key Performance Indicator	Minimum Percentage	Council’s Objective
1.	Percentage of Emergency (Priority Code 0 and 1) Orders commenced during that month and completed within the stipulated time periods in each Order	95%	100%
2.	Percentage of Priority Code 2, 3 and 4 Orders completed within the stipulated time periods.	95%	98%
3.	Percentage of Orders for which an appointment		

	Key Performance Indicator	Minimum Percentage	Council's Objective
	can be made and is kept.	95%	100%
4.	Percentage of Orders for which a Recall Notice (recall Order) has not been issued within the calendar month.	98%	100%
5.	Completion of response repairs at the time of the first visit.	90%	95%
6.	Percentage of Planned Inspection and Testing Program On Time.	98%	100%
7.	Response to queries or complaints from residents and Council Officers to meet the Council's Corporate Complaints Policy i.e. within 5 days.	100%	100%

Identified risks for the new contract

31. The table below identifies a number of risks associated with this contract procurement, the likelihood of occurrence and the control in place to mitigate the risks.

R/N	Risk Identification	Likelihood	Risk Control
R1	Contract award delayed	Low	Engineering and Compliance to liaise with Legal. If necessary, approach incumbent contractors to provide interim arrangements and extend contract.
R2	Ineffective Mobilisation & Transition from Old to New Contract	Medium	Weekly mobilisation / demobilisation meetings and weekly site visits, in conjunction with the incumbents and IT provider. Active operational risk management strategy Contract management systems Scheduled hand-over project management
R3	SCCI Alphatrack Ltd ceases trading, go into administration or liquidation	Low	Engineering and Compliance will utilise the approved contractor list on an interim basis while a procurement plan is put in place.

32. SCCI Alphatrack Ltd have confirmed that they will provide a Performance Bond and have provided a cost for this in their tender submission. As they do not have a Parent Company, a Parent Company Guarantee will not be required.

Other considerations (For Housing Department works contracts only)

33. Not applicable.

Design Specification Compliance

34. All repair and maintenance works orders will be carried out in accordance with the technical specification contained in the contract documents.

Leasehold Implications

35. The work to be undertaken within this contract is service chargeable within the terms of the lease, and the element appertaining to the maintenance of the door entry systems will result in charges over an annual period that are above the limit for statutory consultation.
36. Costs will be service charged through the annual charge and any changes to the way in which work is ordered and paid for should be discussed with the Service Charge Accountant to ensure that all costs can be attributed on a block by block basis.

Community impact statement

37. The service will continue to have an impact on all council residents by ensuring safer environments across the housing estates in the borough with particular regard to vulnerable residents who are more reliant on these systems. Incidents of unauthorised access, in communal areas, will also continue to be reduced.
38. The contract ensures the fire protection and detection systems are maintained in housing blocks, sheltered housing units, hostels and tenant resident association halls.

Economic considerations

39. The full cost to the council and the life span of the contract is set out in paragraph 1 of this report.
40. SCCI Alphatrack Ltd has confirmed, where possible, that it will use locally based component supply companies to establish a “just in time” supply chain for generic components. However many of the systems are composed of specific specialised parts that are available exclusively from UK and overseas specialist suppliers.
41. SCCI Alphatrack Ltd have made proposal to make places available on their established training programmes to Southwark’s school leavers and others that lead to NVQ Level 2 and Level 3 qualifications set by the industry professional bodies. Engineering and Compliance Team will also encourage SCCI Alphatrack Ltd to participate in Southwark Education Business Alliance programmes.
42. The contract was advertised through OJEU to comply with current EU and UK legislation.

Social considerations

43. SCCI Alphatrack Ltd demonstrated that they operate an Equal Opportunity Policy and that they are fully aware and compliant with the council’s own Equal Opportunity Policy, in particular.

44. In February 2012, the Council Assembly introduced plans to ensure that, where appropriate, contractors pay staff at a minimum rate equivalent to the London Living Wage (LLW) rate. SCCI Alphatrack Ltd confirmed that they met the LLW requirements and supported the council's decision. On award the quality improvements and cost implications will be monitored as part of the annual review.

Environmental considerations

45. All lamps, light fittings and equipment being replaced will be disposed of in accordance with the latest Waste Electrical and Electronic Equipment Regulations (WEEE).
46. All recyclable packaging is to be set aside and disposed of via a recycling centre.
47. No hazardous materials will be used.
48. The contractor will be issued with the council's current asbestos register to avoid any risk of exposure to the contractor or the residents.

Market considerations

49. SCCI Alphatrack Ltd is a limited company and employs 127 engineers located throughout London, Surrey, Kent, Leicester, Doncaster, Birmingham and Glasgow.

Staffing implications

50. There will be no impact on council staff caused as a consequence of implementing this contract. Officers are already fulfilling the works ordering and monitoring roles of the current contracts and these functions will continue under the new contract.
51. This contract will be managed by the Electrical Contracts Manager and Commercial Manager for Engineering and Compliance.

Financial implications (FIN0754 – JP)

52. Fire Fighting Equipment, Fire Alarms, Emergency Lighting and Warden Call Installations contract cover the planned preventative maintenance element essential to meet British Standards – Code of Practice. The Door Entry contract also provides a critical service to the community to help ensure the safety and security of residents.

Investment implications (18 January 2013/SC)

53. There are no investment implications.

Legal implications

54. Please see the comments from the Director of Legal Services.

Consultation

55. This contract is a qualifying long term agreement within the terms of the Commonhold and Leasehold Reform Act 2002. It is subject to consultation under schedule 2 of the regulations. Notice of Intention was served on all council leaseholders on 20.7.12.

Notice of Proposal was served on all leaseholders with a door entry system serving their block on 9.1.13.

56. The consultation period for the Notice of Proposal is due to end on 11.2.13. This contract cannot be entered into until there is written confirmation from the Head of Specialist Housing Services that the observation period has ended. There have been 16 observations to date. No issues have currently been raised that would indicate any reason why the contract should not go ahead.
57. Consultation under schedule 3 of the regulations will be required on any individual items of work carried out within the contract where there will be a charge that exceeds £250 for any leaseholder.

Other implications or issues

58. Not applicable.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

59. This report is seeking approval from the Deputy Leader and Cabinet Member for Housing Management for the award of the fire fighting equipment, fire alarms, emergency lighting, warden call and door entry contract. These services, currently being delivered through two separate contracts have been combined into a single contract.
60. The procurement strategy set out in the previously approved Gateway 1 report has been followed with a full restricted EU competitive process being undertaken.
61. Paragraphs 17 – 25 of the report describe the evaluation process that was carried out and that tenders were evaluated using a weighted model to determine the most economically advantageous tender (MEAT). The report confirms that the recommended provider scored highest on both quality and price.
62. As two contracts are being combined into a single contract it is important that a robust process is in place to ensure a smooth transition from the old contracts to the new. The report sets out plans for the transition in Paragraphs 26 – 27.
63. Paragraphs 28 - 30 describe how the contract will be managed and monitored throughout the life of the contract.
64. Whilst on the surface, the decision to combine these varied services may have appeared unusual, the market has responded well. The report confirms that not only was there an appetite for this combined contract but through the procurement process reduced costs have been secured. With officers now managing only one contractor it is also envisaged that further efficiencies may be achieved through the client managing function supporting the contract.

Director of Legal Services

65. The Director of Legal Services notes the contents of the report which seeks the approval of the Deputy Leader and Cabinet Member for Housing Management to the award of the Fire Fighting Equipment, Fire Alarms, Emergency Lighting, Warden Call

and Door Entry Contract to SCCI Alphatrack Ltd for a maximum of £730,000 per annum for a period of 3 years from 1 June 2013; plus the option for two 12 month extensions making a total maximum contract value of £3,650,000 as outlined in this report.

66. This report confirms at paragraph 6 the reason why the two existing contracts have been combined into a single contract for this procurement and the savings and efficiency that this will bring.
67. This report confirms that, as required by law, tenders were sought from providers following an EU procurement exercise and that the best value tender is recommended for acceptance. A contract award notice will need to be posted in the OJEU within 48 days of the award of the contract.
68. As part of the contract award process, there will need to be a standstill period of a minimum of 10 calendar days between notification of the successful tenderer that they have won the contract and the award of the contract to that tenderer, so as to allow unsuccessful tenderers the opportunity to challenge (if they decide to) the award of the contract.
69. CSO 4.5.2 b) requires the relevant individual decision maker to authorise the award of this contract, after consideration by the Corporate Contracts Review Board (CCRB) of the report.
70. CSO 2.3 provides that a contract may only be awarded if the expenditure has been included in approved revenue or capital estimates or has been otherwise approved by, or on behalf of the council. Paragraphs 54 and 55 of this report confirm how the proposed contract will be funded.

Strategic Director of Finance and Corporate Services

71. The Strategic Director of Finance and Corporate Services notes the financial implications in the body of the report and that existing budget provision exists within the HRA to cover the total cost of the contract. The Director of Finance and Corporate Services also notes the method of procurement, transition arrangements and monitoring system to be put in place to manage the contract.

Head of Specialist Housing Services

72. The statutory consultation requirements for this contract have been met. The consultation period completed with the end of the observation period on 12th February 2013. There were 15 observations received and have been replied to. None of the issues raised would affect the letting of the contract. Charges will be levied as part of the annual service charges.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Open Gateway 1 - Fire Fighting Equipment, Fire Alarms, Emergency Lighting and Warden Call Systems Contract Plus Door Entry Contract	Housing Engineering and Compliance 106 Tooley Street London SE1 2QH	Gavin Duncumb – Commercial Manager Ext 50685
Contract Files	Same as above	Same as above

APPENDICES

No.	Title
A	Measured term contract for repair and maintenance of Fire Fighting Equipment, Fire Alarms, Emergency Lighting, Warden Call and Door Entry / Volume 1 / Document Number 3a / SCHEDULE 2 / Evaluation Methodology

AUDIT TRAIL

Lead Officer	David Lewis, Head of Maintenance and Compliance	
Report Author	Gavin Duncumb, Commercial Manager	
Version	Final	
Dated	26 February 2013	
Key Decision	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Head of Procurement	Yes	Yes
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Head of Specialist Housing Services	Yes	Yes
Cabinet member	Yes	Yes
Date final report sent to Constitutional Officer	26 February 2013	