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**Report to:** Cabinet                      **Date of Meeting:** 3 September 2015

**Subject:** Reactive Day to Day Maintenance – Term Contract

**Report of:** Head of Corporate Support                      **Wards Affected:** All Wards

**Is this a Key Decision?** Yes                      **Is it included in the Forward Plan?** Yes

**Exempt / Confidential** No

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**Purpose/Summary**

To seek Cabinet approval of the proposed method of procurement and the basis of tender evaluation and to seek delegated authority for the Head of Regeneration and Housing to accept the most advantageous tender.

**Recommendations**

The Cabinet is recommended to:

- i) Approve the proposed method of procurement as set out within the report.
- ii) Approve the proposals for evaluation of tenders.
- iii) Authorise the Head of Corporate Support to accept the most advantageous tender
- iv) Subject to (iii) above authorise the Head of Regulation and Compliance to enter into a contract with the successful tenderers.

**How does the decision contribute to the Council’s Corporate Objectives?**

	<b><u>Corporate Objective</u></b>	<b><u>Positive Impact</u></b>	<b><u>Neutral Impact</u></b>	<b><u>Negative Impact</u></b>
1	Creating a Learning Community		X	
2	Jobs and Prosperity		X	
3	Environmental Sustainability		X	
4	Health and Well-Being		X	
5	Children and Young People		X	
6	Creating Safe Communities		X	
7	Creating Inclusive Communities		X	
8	Improving the Quality of Council Services and Strengthening Local Democracy		X	

**Reasons for the Recommendation:**

To ensure that the proposals are the most appropriate to select good quality reactive responsive maintenance contractors whilst guaranteeing that the Council secures good value for the works carried out.

**What will it cost and how will it be financed?**

**(A) Revenue Costs**

There are no revenue implications directly associated with this report. The cost of the works undertaken through these contracts will be met from existing Repair and Maintenance budgets.

**(B) Capital Costs**

None

<b>Legal</b>	
<b>Human Resources</b>	
No Implications	
<b>Equality</b>	
1. No Equality Implication	<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated	<input type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>

**Impact on Service Delivery:**

The reactive term maintenance contracts provide ready, call off, access to the contractors necessary to address a reactive maintenance requirement that will arise, and are designed to ensure that any impact on service delivery is minimised. In addition the successful tenders are required to demonstrate a commitment to achieving excellent service provision as part of the tender evaluation.

**What consultations have taken place on the proposals and when?**

The Chief Finance Officer has been consulted and notes the report indicates that funding included in departmental revenue budgets is estimated to be sufficient to meet the cost of repair and maintenance works. (FD 3678/15)

The Head of Regulation and Compliance has been consulted and states that the Cabinet Member has authority to approve the recommendations contained within this report. (LD 2961/15)

**Are there any other options available for consideration?**

All practical options have been considered and are addressed in the body of the report.

**Implementation Date for the Decision**

Immediately following expiry of call in,

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**Background Papers:** None

## **1.0 Background**

- 1.1 The Council has a property portfolio of 430 properties from which it delivers its various services to the public. There are also 93 directly controlled schools. These properties must be maintained in a warm, safe and dry condition to avoid disruption to services.
- 1.2 The Council undertakes an inspection of all of its properties once every two years and utilises the information gathered to identify an annual planned maintenance programme. The works undertaken in a planned manner are those that are apparent at the time of inspection and expected to impact on service delivery.
- 1.3 It is not possible however to foresee all likely maintenance works and deal with these in a planned manner. Works will arise that could not have been foreseen or where the condition of an element has worsened more quickly than expected.
- 1.4 It is therefore necessary to have the ability to respond to maintenance reports and to address the work requirements promptly in order to minimise the potential for disruption to service delivery.
- 1.5 Based on historical information the estimated cost of responsive maintenance is £1,208,000 per year.

## **2.0 Options Considered**

- 2.1 In considering the options available for addressing responsive maintenance requirements the Director of the Built Environment has sought and considered a wide range of views and opinions, this has included the understanding of how other Merseyside authorities undertake similar works.
- 2.2 It is widely accepted that it is impractical to seek quotations for all works on an individual item by item basis as this will delay the response to the maintenance requirement and could lead to closure or disruption to the operation of a property.
- 2.3 It is therefore necessary to identify how a contractor could be engaged so that they are ready and available to undertake whatever works may arise.
- 2.4 The most appropriate approach to achieve this is to engage a contractor, or contractors, on what is called a term contract basis. This means that the Council would enter into a formal contractual arrangement with the contractor(s) without making any firm commitment as to the nature or quantity of works that will be instructed. The contractor(s) are however obliged to respond to any work instructions in accordance with prioritisation timescales built into the term contract arrangement.
- 2.5 All other consulted authorities operate on the basis of a term contract of one form or another and Sefton operate this arrangement currently for both building and highway maintenance works.
- 2.6 While a term contract arrangement is clearly the preferred and potentially only realistic approach - all councils adopt term contracts in a slightly different manner. The most significant questions to consider are:

- a) Should a single term maintenance contractor be engaged to undertake all maintenance work anywhere throughout the borough?
- b) Should separate term contractors be engaged to undertake all work falling within identified trade categories?
- c) Should separate term contractors be engaged to undertake all work falling within a geographical region in the borough?
- d) A combination of the above.

### **Single Contractor Option**

- 2.7 If the Council seeks to appoint a single term contractor across the whole borough then this would be an attractive contract for large regional and national maintenance contractors. Such an approach would however be likely to exclude local small and medium scale contractors from tendering.
- 2.8 It is unlikely that a single contractor will possess all of the necessary trade expertise to undertake all of the Councils work requirements and the contractor would be likely to need to sub-contract some specialist works. While this would potentially provide an opportunity for local sub-contractors the Council would be paying for the main contractors profit and administrative costs over and above the basic cost of the works.
- 2.9 A single contractor would bring some administrative benefits however, as the quantum of works undertaken, and therefore the amount of works requiring supervision and checking, will remain the same this is not expected to be significant.

### **Separate Contractors – Trade Basis**

- 2.10 Separating work requirements into trades would mean that, in each instance, the contractor is a specialist in the trade that is required.
- 2.11 The separation into trades would reduce the scale of the overall contract(s) and thereby allow small and medium sized local contractors to tender. In addition, as the Councils' agreement would be direct with the trade contractors there would be no add on main contractor costs.
- 2.12 It is possible to identify any number of separate trades covering every conceivable different type of building work but, from a practical point of view, it is only really possible to consider categorisation covering the major work areas.

### **Separate Contractors – Geographical Basis**

- 2.13 Separating work requirements into geographical areas would allow small and medium sized contractors to be considered.

- 2.14 Separation would allow the Council to have at least 2 contractors and this would provide a back up in the event that a single contractor failed or was temporarily unable to undertake a work instruction.
- 2.15 A split of Sefton geographically could be made to identify either 2 or 3 separate geographical areas.

### **3.0 Proposals**

- 3.1 Having considered the advantages and disadvantages of each option the Director of the Built Environment would recommend adoption of the following proposals.
- 3.2 Tenders should be sought for contractors to undertake works separately categorised into the following trades.

General Building and Roofing  
Glazing  
Electrical Installations  
Mechanical Installations

This is a practical number of categories which will cover the major work areas and allow the greatest opportunity for Sefton's small and medium sized contractors to be considered for the works.

- 3.3 The borough will be subdivided into 2 geographical areas, as follows:

North – Southport and Formby  
South – Bootle, Litherland, Crosby and Maghull

This will avoid reliance on a single contractor in each trade and provide the Council with an opportunity to have a back-up. Although tenders will be sought separately for each geographical area there will be an opportunity for tenderers to indicate the additional benefit that would be derived if they were awarded both area contracts. This ensures that the Council is not missing out on the opportunity to benefit from economies of scale.

- 3.4 It is therefore proposed that a total of 5 - 8 tenders be sought across 4 trades and 2 geographical areas. Tenderers would, if qualified to do so, be allowed to submit bids for more than one lot and any benefits from economies of scale can therefore be identified and considered.
- 3.5 It is proposed that each contract will be for a term of 3 years with provision for annual adjustment to reflect cost changes. This length of term will provide an attractive package to tendering contractors and allow the Council to minimise subsequent tender renewal costs.
- 3.6 It is also proposed that that the contract will have an option to extend for a further 2 years should such an arrangement be believed to be beneficial to the Council at the end of the original 3 year term.
- 3.7 Tender submissions will be on the basis of a quality and cost evaluation in the ratio 70:30.

- 3.8 The quality evaluation will consider the tenderer's technical approach, their approach to dealing with Health and Safety, their material supply chain, and their ethos and approach to quality of service and customer care.
- 3.9 Tenderers will be required to provide cost details for carrying out individual work items by indicating what percentage discount or addition they will offer against a published schedule of rates, together with day work rates for works which cannot be costed in any other manner. The tenderers submissions will be compared against a model basket of works for comparison purposes.
- 3.10 The estimated value for the works in the different categories is such that it may exceed the relevant OJEU threshold and it is therefore necessary to procure the works in accordance with established EU procedural rules.