


REPORT TO CABINET

14 October 2020

Subject:	Urban Design and Building Services Water Hygiene Services
Presenting Cabinet Member:	Councillor Danny Millard – Cabinet Member for Inclusive Economic Growth
Director:	Interim Director – Regeneration and Growth – Tammy Stokes
	
Key Decision:	Yes
Cabinet Member Approval and Date:	Cllr Danny Millard
Director Approval:	Tammy Stokes
Reason for Urgency:	Urgency provisions do not apply
Exempt Information Ref:	Exemption provisions do not apply
Ward Councillor (s) Consulted (if applicable):	Boroughwide
Scrutiny Consultation Considered?	Scrutiny has not been consulted
Contact Officer(s):	<p>David Harris Service Manager - Strategic Assets & Land David_harris@sandwell.gov.uk</p> <p>David Webb Principal Building Services Engineer – Strategic Assets & Land David_webb@sandwell.gov.uk</p>

DECISION RECOMMENDATIONS

That Cabinet:

- a) That further to the decision of Cabinet taken on 10 June 2020 (see Minute No. 43/20), an exemption be made to the Council's Procurement and Contract Procedure Rules due to not obtaining the minimum numbers of three bids with regard to Lot 1 Risk Assessment, Consultancy & Training.
- b) note that the award of Lot 2 is recommended for approval under Rule 8.10 whereby two bids have been received instead of the required three, on the basis that there have been sufficient bids to form a basis for comparison in accordance with the Council's Procurement and Contract Procedure Rules.
- c) approves the acceptance of the following tenders for the Water Hygiene Framework Contract 2020-2024:

Lot 1 Risk Assessment, Consultancy & Training – the tender submitted by Hydrop ECS in the sum of £374,151.53

Lot 2 Monitoring & Remedial Works – the tender submitted by HSL Compliance in the sum of £2,005,446.80.
- d) authorise the Acting Section 151 Officer, Interim Director – Regeneration & Growth and Director - Law and Governance and Monitoring Officer to agree terms and enter into contract with relevant third parties as part of the proposed Water Hygiene Contract for the delivery of Water Hygiene Services to third parties accessing services from the Sandwell MBC contract.
- e) subject to 1 and 2 above, the Director - Law and Governance and Monitoring Officer to enter into or execute under seal any documentation in relation to award of the Water Hygiene Services contracts and/or other agreements as may be deemed necessary.

1 PURPOSE OF THE REPORT

- 1.1 To seek exemption from the Council's Procurement and Contract Procedure Rules due to not obtaining the minimum numbers of three bids with regard to Lot 1 Risk Assessment, Consultancy & Training for the award of contracts for Water Hygiene Services.

2 **IMPLICATION FOR VISION 2030**

- 2.1 Ambitions 3,4,9,10. The award of these contracts will enable the Council to ensure buildings are compliant with statutory requirements, operational and safe.

3 **BACKGROUND AND MAIN CONSIDERATIONS**

- 3.1 The Council's current arrangements for Water Hygiene Services are due to terminate on the 31 December 2020, having been extended to facilitate a review of future needs which will lead to a more efficient and effective delivery of services. This also includes combining previously separately procured arrangements for service providers to public buildings and housing estate management functions.
- 3.2 A procurement process has recently been completed with a programme for new arrangements to commence on 1st January 2021. The value of these proposals will be above the relevant EU tender threshold, and the proposals will be in full compliance with the Public Contracts Regulations 2015.
- 3.3 The proposed Water Hygiene Services Framework has been developed to provide separation for key elements of the service to ensure efficiency and effectiveness in delivery. The service will be awarded as two separate Lots as follows: Lot 1 – Risk Assessments, Consultancy Services and Training, and Lot 2 – Monitoring and Remedial Works. Tenders for both Lots were sought on a most economical advantageous basis.
- 3.4 The proposed Water Hygiene Services Framework can be made available for other public bodies to use, subject to an access agreement and fee. Depending on the use of the framework by other Contracting Authorities the contract value may increase as follows for the 4 years duration of the framework:
- a. Lot 1 - Risk Assessments, Consultancy Services and Training - £1,750,000
 - b. Lot 2 Monitoring and Remedial Works - £12,000,000
- 3.5 The proposed access fee arrangement would consist of a fixed access charge of £2000, plus 2% of turnover. This would be based on a direct access arrangement between the council provider and any interested third-party organisation.

4 THE CURRENT POSITION

4.1 Lot 1 Risk Assessment, Consultancy and Training.

One company submitted a tender as follows:

Hydrop ECS £374,151.53

The Tender was evaluated in accordance with the stated award criteria of 30% price and 70% quality. The scores out of 100 were as follows:

	Price	Quality	Total
Hydrop ECS	30%	64.58%	94.58%

The tender, submitted by Hydrop ECS has been checked and found to be arithmetically and technically correct.

The tender sum includes two main elements of works, Risk Assessments and Consultancy Services. The Risk Assessment costs are scheduled costs based on the needs of all buildings, and are built up as follows:

Year 1	£156,109.15
Year 3	£22,362.38
Total	£178,471.53

Traditional delivery of this service has involved a full review of risk assessments every 2 years. The intended delivery methodology significantly reduces Year 3 costs and these reduced costs will be enduring going forward.

It should be noted that the Consultancy Services element of the tender (£195,680.00), is a nominal sum based on a schedule of rates and nominal rates. Actual costs will be based on service needs and may be considerably less than this nominal tender sum.

Whilst only one tender was received, it has been reviewed in details and it is confirmed that Hydrop ECS are:

- fully experienced in the use and management of the specialist Data Platform already purchased by SMBC under separate procurement process
- providing better value risk assessments in comparison to existing provider
- providing costs for water sampling that are comparable to existing provider

- providing consultancy costs that are comparable to industry standards
- providing training for the highest and most comprehensive level of certification available and deemed necessary for the diverse types of water systems within the SMBC portfolio

4.2 Lot 2 Monitoring & Remedial Works

Two companies submitted a tender as follows:

HSL Compliance	£2,005,446.80
Graham Asset Management	£3,486,399.51

The Tender was evaluated in accordance with the stated award criteria of 40% price and 60% quality. The scores out of 100 were as follows:

	Price	Quality	Total
HSL Compliance	40%	60%	100%
Graham Asset Management	23.01%	38.60%	61.61%

The tender, submitted by HSL Compliance has been checked and found to be arithmetically and technically correct.

Whilst there is a substantial difference in the two tenders, the tender submitted by HSL Compliance is considered to be proportionate with the works specified.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

- 5.1 Consultation has been undertaken with stakeholders as part of routine customer satisfaction monitoring and they are in agreement with this course of action.

6 ALTERNATIVE OPTIONS

- 6.1 As the previous long-term agreements have now been extended and are due for retender, alternative options have already been explored. The most economically advantageous solution is still to conduct tender processes in compliance with the Public Contracts Regulations 2015.

7 STRATEGIC RESOURCE IMPLICATIONS

- 7.1 The proposed contract values for Sandwell MBC, for the provision of Water Hygiene Services is included within the Property Maintenance Account, the Schools Repairs Accounts and Housing Revenue Account.

7.2 The new contract will place a pressure on the existing budgets due to the enhanced nature of the proposed service delivery model. This however is required to keep pace with ever increasing legislative requirements as with all other compliance requirements currently. The budget pressure will be offset against the existing budgets. This however will impact on other non-critical elements of the service delivery, mainly around reactive and any planned works.

7.3 The approval of the recommendations is essential to the mitigation of the risk included in the directorate risk register re statutory compliance (non-asbestos).

8 LEGAL AND GOVERNANCE CONSIDERATIONS

8.1 The tendering process has been fully supported by colleagues within Procurement

8.2 Following approval, all contracts will be awarded in accordance with the council's Procurement and Contract Procedure Rules and the Public Contracts Regulations 2015.

9 EQUALITY IMPACT ASSESSMENT

9.1 An Equality Impact Assessment was not undertaken as this is a renewal of an existing contractual arrangement. The contract will be monitored to ensure compliance.

10 DATA PROTECTION IMPACT ASSESSMENT

10.1 The sharing of any relevant data for the delivery of this contract will be in compliance with the General Data Protection Regulations.

11 CRIME AND DISORDER AND RISK ASSESSMENT

11.1 There are no crime and disorder issues relating to the consideration of this report.

12 SUSTAINABILITY OF PROPOSALS

- 12.1 There are no anticipated changes to current legislation, however the proposals do reflect changes to current operational arrangements which are anticipated to improve the efficiency and effectiveness of the management of Water Hygiene Services going forward and give the council greater control over the operation and performance of the Contractor(s). This also enables us to work closely with the contractor(s) to ensure a local focus is applied with the opportunity to create wealth.
- 12.2 Landlord supplies to residential properties such as high-rise blocks, sheltered housing schemes, including offices and depots will be managed and maintained by the council and all the associated costs will be met from within the Housing Revenue Account.
- 12.3 Public buildings will be maintained through the Council's existing annual building maintenance budget.

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE).

- 13.1 Social Value and Community Wealth building commitments have been built in to the tender evaluation criteria to ensure the successful contractor(s) complies with locally and nationally recognised standards and contributes to the council's Vision 2030 ambitions.
- 13.2 In support of the council's social value charter the tender sets out the following question which forms part of the overall scoring process.

To comply with the Public Services (Social Value) Act 2012:- Please demonstrate how you would configure and operate your site processes to deliver a positive impact on the social, economy and environmental well-being of the local area. Please note that potential suppliers should demonstrate evidence of supporting Social Value and local integration within the requirements and scale of the contract; examples include but are not limited to; Identifying job and apprenticeships as consequence of contract; Identifying and supporting a local school/community need with the area of works; promotion of environmental awareness; highlighting the benefits of recycling and carbon reduction; working with local SME's and supply chain. Please demonstrate how you will engage with the council to help identify residents and businesses, regarding promotion and communication of the scheme to the public during the contractual period. The council recognises that the tenderer's responses will be proportionate to the size, complexity length and value of this project.

13.3 The outputs will be monitored throughout the delivery of the contract to ensure that the commitments made are honoured and further development is encouraged.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

14.1 The award of the Water Hygiene Services contracts will enable Sandwell Council to fulfil the statutory and regulatory health and safety compliance requirements aligned with maintaining water services in buildings.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

15.1 The extensions to previous long-term contract agreements will expire on the 31 December 2020. Renewal of these is essential to comply with statutory requirements and to keep buildings operational and safe.

15.2 That the tender of Hydrop ECS in the sum of £374,151.53 be accepted for the Water Hygiene Framework Contract 2020 – 2024: Lot 1 Risk Assessment, Consultancy & Training.

15.3 That the tender of HSL Compliance in the sum of £2,005,446.80 be accepted for the Water Hygiene Framework Contract 2020 – 2024: Lot 2 Monitoring & Remedial Works.

16 BACKGROUND PAPERS

16.1 None

17 APPENDICES:

None

Tammy Stokes
Interim Director – Regeneration and Growth