

North Lanarkshire Council Report

Housing and Regeneration Committee

approval noting

Ref HO MS 19 104

Date 20/05/20

Contract Approval - Measured Term Contract For Lead Water Mains Replacement 2020 - 2024

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Executive Summary

Committee is asked to approve the award of the Measured Term Contract For Lead Water Mains Replacement 2020 - 2024 (the 'Contract').

The Contract duration is for an initial period of two years. The Council reserves the right to extend the Contract by a further two individual twelve-month extension periods.

The overall value of work to be spent through the Contract is £4,050,000 (including the possible extension periods).

Recommendations

It is recommended that the Housing and Regeneration Committee approves the award of the Measured Term Contract For Lead Water Mains Replacement 2020 - 2024 to:

Belac Group Ltd.

This recommendation follows the completion of a procurement procedure, where the tenderer recommended for contract award was evaluated as providing the Council with the Most Economically Advantageous Tender, in terms of cost and quality.

The Plan for North Lanarkshire

Priority Improve the health and wellbeing of our communities

Ambition statement (14) Ensure the highest standards of public protection

1. Background

- 1.1 The procurement is for the provision of a Measured Term Contract for Lead Water Mains Replacement 2020 - 2024.
- 1.2 The works comprise of the replacement of existing lead water mains with polyethylene pipe in domestic properties throughout North Lanarkshire. A contract award was approved at the Communities and Housing Committee on 14/11/2018 including amendment noted to Committee on 13/02/2019, this Contract was for a 5 year period; however, the Service accelerated the programme to safeguard the health and safety of tenants therefore a new contract was required earlier than anticipated.

2. Report

- 2.1 A user intelligence group (the 'UIG') of technical and procurement representatives was formed to review technical specifications, discuss trading processes, market conditions and trends, ways to maximise community benefits and sustainability, and to agree the procurement strategy that would deliver maximum benefit for the Council.
- 2.2 The value of the Contract dictated that the procurement procedure be undertaken in accordance with the Public Contracts (Scotland) Regulations 2015. The contract opportunity was published on the Public Contracts Scotland Portal. An Open Procurement Procedure was adopted.
- 2.3 Based on the criteria and scoring methodology set out in the procurement documents, evaluation of the tender responses was completed by members of the UIG. Award stage responses were evaluated first; only the highest scoring compliant tenderer was then checked to ensure that they met the Council's selection criteria.
- 2.4 The contract award recommendation is being made on the basis of the tenderer who submitted the Most Economically Advantageous Tender along with the outcome of further due diligence.
- 2.5 The tender submitted by Belac Group Ltd. has been evaluated as representing the Most Economically Advantageous Tender.
- 2.6 Appendix 1 confirms the scoring achieved by each tenderer; further details of the procurement procedure is provided in Appendix 2.
- 2.7 Officers from Housing Property and Projects will be responsible for managing the Contract, which will be undertaken in accordance with the Council's agreed approach to Contract and Supplier Management.

3. Equality and Diversity

3.1 Fairer Scotland Duty

This Contract will work towards improving outcomes for people and communities by assisting the Council to reduce inequalities of outcomes caused by socio-economic disadvantage.

3.2 Equality Impact Assessment

The Council will continue to carry out equality impact assessments to determine if policies, practices, decisions, functions and strategies identify any negative impact on any particular group covered by the protected characteristics of the Equality Act 2010

4. Implications

4.1 Financial Impact

To ensure flexibility and allow for any contingencies which may arise, the Contract was advertised up to an estimated overall value of £4,050,000.

The costs associated with contract delivery will be contained within the HRA Capital budget.

Price Stability

Contract pricing is fixed for the first year of the Contract. Thereafter, prices will be adjusted annually by the application of the BCIS price index.

4.2 HR/Policy/Legislative Impact

Community Benefits

The Council is committed to maximising the delivery of community benefits. The procurement included a community benefit requirement. This approach is designed to deliver local community benefits where possible. The successful tenderers have committed to delivering a range of community benefits, these include:

- 3 work experience placements (for 16+ year olds)
- 2 work experience placements (for 14-16 year olds)
- 2 site visits
- 1 careers event
- 1 apprentice
- Financial and non-financial support to community projects.

The proposed contractor is a Living Wage Accredited Employer.

4.3 Environmental Impact

The Contract has the following environmental impacts: encourage sustainable and safe environment, promote health and wellbeing, and safe removal and disposal of materials.

4.4 Risk Impact

Risk will be minimised and managed by a designated Contract Manager in accordance with the works specification and in line with the Council's agreed approach to Contract and Supplier Management.

5. Measures of success

It is anticipated that the award of the Contract will deliver the following successful outcomes:

- 5.1 The appointment of a Service Provider who has the experience and capability to deliver an innovative, high quality and responsive service;
- 5.2 The procurement procedure is compliant with procurement legislation and internal procedures;
- 5.3 That best value is both demonstrable and achieved; and
- 5.4 That the Contract secures a range of community benefits.

6. Supporting documents

- Appendix 1** Summary of evaluation process
 - Appendix 2** Summary of procurement procedure
 - Appendix 3** SME status and location of all tenderers
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Head of Business (Housing Property and Projects)

Appendix 1 – Summary of Evaluation Process

In the award stage, tenderers' price scores were added to their quality scores to obtain their final tender scores. Only the first ranking tenderer from the award stage underwent selection stage evaluation.

Details are contained in tables below:

Table 1: Stage 1 – Award stage evaluation outcome

| Tenderer Name | Final Tender Score | Final Rank | Recommended for Contract Award (Yes/No) |
|--------------------------------|--------------------|------------|---|
| Belac Group Ltd. | 99.04 | 1 | Yes |
| Drumlog Plant Ltd. | 85.68 | 2 | No |
| Innovative Utilities (UK) Ltd. | 83.48 | 3 | No |

Table 2: Stage 2 – Selection stage evaluation outcome

| Tenderer Name | Part 3 A, B, C & D | Part 4 A & B | Part 4 C | Part 4 D | Selection Requirements Met? (Yes/No) |
|------------------|-----------------------|--------------------|--------------------|--------------------|--------------------------------------|
| | Selection Criteria | Selection Criteria | Selection Criteria | Selection Criteria | |
| | Pass/Fail | Pass/Fail | Score (min = 50) | Pass/Fail | |
| Belac Group Ltd. | Pass | Pass | 90 | Pass | Yes |

Appendix 2 – Summary of Procurement Procedure

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|---|---|
| Contract Title | Measured Term Contract For Lead Water Mains Replacement 2020 - 2024 |
| Contract start date | June 2020 |
| Initial Contract Period | 24 months |
| Contract Extension option | 2 x 12 months |
| Total contract value including extension option | £4,050,000 |
| Governing UK Procurement Regulation | Regulated – PC(S)R 2015. |
| Procurement procedure adopted | Open Procedure |
| Interest List – number of organisations that downloaded the procurement documents from the procurement portal | 20 |
| Number of tenders received | 3 |
| Number of non-compliant tenders | 0 |
| Number of compliant tenders | 3 |
| Number of recommended providers | 1 |
| Basis of contract award | Most Economically Advantageous Tender Price 60% and Quality 40% |
| Evaluation Team | Staff from Housing Property and Projects |

Appendix 3 – SME status and location of all tenderers

| Name of Tenderer | Size of Tendering Organisation (Micro, Small, Medium or Large) | Location (Local Authority/Council Area) |
|--------------------------------|---|--|
| Belac Group Ltd. | Small | North Lanarkshire Council |
| Drumlog Plant Ltd. | Small | South Lanarkshire Council |
| Innovative Utilities (UK) Ltd. | Medium | East Ayrshire Council |