



Belfast City Council

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| Report to: | Strategic Policy & Resources Committee |
| Subject: | Property Maintenance Tender Approvals |
| Date: | 22 February 2013 |
| Reporting Officer: | Gerry Millar, Director of Property & Projects, Ext: 6217 |
| Contact Officer: | George Wright, Head of Facilities Management (Ext. 5206/6232) |

| 1 | Relevant Background Information |
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| 1.1 | Members will be aware that, under the revised Scheme of Delegation, approval must be sought from the relevant Committee prior to inviting tenders for the supply of goods or services. |
| 1.2 | Members will also be aware that, in the course of providing maintenance services at all Council properties, the Property Maintenance unit makes regular use of a number of external contractors, both in order to provide specialist services and also to supplement the existing in-house workforce during times of peak demand. |
| 1.3 | A number of contracts require renewal for a variety of reasons, as set out below. <ul style="list-style-type: none"> a) MTC for repair, maintenance & Minor Works for Electrical Services Installations. The incumbent contractor has now confirmed that they do not wish to exercise the option for contract extension therefore it will end on the 30th April 2013; b) MTC for Repair, Maintenance & Minor works for all Lift Installations: the incumbent contractor's performance for the year has been unsatisfactory and an offer of contract extension will not be made, consequently the contract will end on the 31 March 2013; c) In addition, on the 23 September 2011 granted approval to proceed with the tender process for the repair and maintenance of mechanical services installations at various Council Properties. |
| 1.4 | Tender evaluation was completed and approved in July 2012. However during the standstill period prior to awarding the contract a legal challenge was received from an unsuccessful contractor. |
| 1.5 | Following discussions between the Council's Legal Services team and the contractor's legal counsel it was agreed that in order to avoid a protracted legal action and the significant costs associated with such, the contractor would withdraw their legal challenge in response to the Council re-tendering the work. |
| 1.6 | In order to ensure there is adequate cover for the maintenance of mechanical systems throughout Council properties during the re-tendering period, it is proposed |

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| | to extend the existing mechanical services MTC contract by 6 months to allow procurement of the new contract. |
| 1.7 | d) Finally, Members will be aware that the council uses natural gas as a fuel in a number of its properties, and that this fuel is procured on foot of competitive procurement processes to ensure that the most economically advantageous supply arrangements are in place. Currently this energy source costs the council approx. £1.2m per annum. |
| 1.8 | The existing contract, with Firmus Gas Ltd, is due to expire on the 31st March 2013, and the Facilities Management Section would normally seek the Committee's approval to re-tender in the normal way. However, on this occasion, the Section is instead seeking the Committee's approval to extend the current contract with Firmus for a period not to exceed 9 months, on the best available terms. |
| 1.9 | This approach is being proposed for a number of reasons, but principally because of the opportunities which may arise for collaboration with other public bodies. Energy procurement is an area in which the opportunities to collaborate with other bodies to the mutual benefit of all participants is increasing, and indeed this collaborative approach is a central theme of the council's corporate procurement strategy. |
| 1.10 | Following discussions with the Head of Contracts and the Procurement Manager it is therefore proposed that the council seeks a fixed-term extension of the current contract for a period not to exceed 9 months and, during the period of extension, to rationalize the existing specification and to explore fully any opportunities for collaborative working which may exist. |
| 1.11 | Approval is therefore sought to proceed with the various procurement-related actions set out above. |

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| 2 | Key Issues |
| 2.1 | The key issues are that the Committee is content to approve the following on the basis of the information set out herein:- |
| 2.2 | <ol style="list-style-type: none"> 1) the determination of the electrical measured-term contract at the request of the contractor and the re-letting of the contract; 2) the decision not to offer a contractual extension in respect of the lift maintenance contract on the basis of poor performance and instead to invite tenders for this activity; 3) the extension of the mechanical services maintenance contract while a re-tendering is conducted following a legal challenge; and 4) the extension of the existing natural gas supply contract to permit a wider, collaborative approach to be properly assessed. |

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| 3 | Resource Implications |
| 3.1 | The estimated spend in respect of each of the contract areas in set out in Appendix A. |

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| 4 | Equality and Good Relations Implications |
| 4.1 | There are no direct good relations implications in respect of this report. |

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| 5 | Recommendations |
| 5.1 | <p>It is recommended that the Committee approve the following:-</p> <ul style="list-style-type: none"> a) the determination of the electrical measured-term contract at the request of the contractor and the re-letting of the contract; b) the decision not to offer a contractual extension in respect of the lift maintenance contract on the basis of poor performance and instead to invite tenders for this activity; c) the extension of the mechanical services maintenance contract while a re-tendering is conducted following a legal challenge; and d) the extension of the existing natural gas supply contract to permit a wider, collaborative approach to be properly assessed. |

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| 6 | Decision Tracking |
| <p>The various tender exercises will proceed on the basis of the illustrative timescales set out in Appendix A overleaf.</p> | |

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| 7 | Key to Abbreviations |
| <p>None.</p> | |

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| 8 | Documents Attached |
| <p>Appendix A – estimated costs</p> | |

APPENDIX A

| Contract | Estimated value per year | Period of Contract | Contract expiry date | Anticipated advert date |
|--|---------------------------------|---------------------------|-----------------------------|--------------------------------|
| MTC for repair, maintenance & minor works to Electrical Services | £ 150,000 | 1 year + 2 optional | 30 April 13 | March 13 |
| MTC for repair, maintenance & minor works to Lifts | £ 75,000 | 1 year + 4 optional | 31 March 13 | March 13 |

| Contract | Estimated value per year | Period of Contract | Anticipated advert date |
|----------------------------------|---------------------------------|---------------------------|--------------------------------|
| Mechanical Services Installation | £ 500,000 | 1 year + 2 optional | March 2013 |

| Contract | Estimated value per year | Period of Contract | Anticipated advert date |
|--------------------|---------------------------------|---------------------------|--------------------------------|
| Natural gas supply | £ 1,200,000 | 3 years | 1 st December 2013 |