

Overview and Scrutiny Committee Meeting – 14 September 2023

Call-In of Decision -KD5638 List No: 14/23-24 (published on 15/8/23): Award of a Contract for the Mechanical & Electrical Servicing (Housing Compliance)

Call-In Lead: Cllr Lee Chamberlain

Part 1 -Reasons for the “Call in” are detailed below:

Officer Response:

Reason for call-in
I am concerned that the recommended contractors bid appears unfeasible, with the ongoing danger that either the selected contractor will fail to deliver the safety inspections to the required standard, or we will see further funding adjustment requests once the contract is secured [1].
Officer response
<p>The Council has satisfied itself through the procurement process with the proposed approach of the recommended contractor, including gaining detail on the identified cost efficiencies. The JCT Measured Term Contract sets out the obligations of the contractor to deliver the service in accordance with the specification, pricing documents and key performance indicators. In the event the contractor does not do this the Council can hold the contractor to account and ultimately remove work from them and once the procedures as set out in the contract are followed can terminate the contract.</p> <p>The contract documentation gives clear quality criteria including the competence and accreditation of the operatives delivering the service. The Council will ensure effective contract management by ensuring certification for all required servicing is received and all testing regimes provide the required output volumes to ensure compliance.</p>

Reason for call-in
The scored approach appears to have been implemented in a rather arbitrary way, with a major flaw in the weighting calculation. The report does not detail any consideration of the implications of the rather wide variance of scores. In particular taking into account what a lower level score for quality could represent, particularly in respect of a very low cost bid[2].
Officer response
See part 2 response. The scoring of the submissions is in line with the Public Contract Regulations and the Invitation to Tender Issued.

Reason for call-in
The KD document does not set out reassurances as to how quality will be monitored

or what actions can be taken if the work is found wanting. This should be a standard feature of such reports.

Officer response

The Council has recently launched a contract management framework for colleagues to follow. The Council's corporate Contract and Supplier Relationship Manager is also working with Directorates across the Council to embed this within the different departments. The contract manager who will be managing the contract will follow the necessary processes developed to ensure robust contract management of this supplier takes place. The main body of the contract includes clauses dealing with performance matters and how progress is reported on. Any slippages or quality issues will be picked up as part of the performance information provided to the Council at the agreed frequency, and through contract management meetings.

The specified services within the M&E contract are highly regulated and the contract (and law) requires qualified, competent operatives to undertake these works. The contractor is ISO:9001 compliant. The Council will receive certification for completed surveys which will be monitored for quality, including post-work checks undertaken by qualified Council Officers.

It is accepted that this could be made clearer in the report, and this will be addressed in the future.

Reason for call-in

The budget margin as set out implies that variation from the contracted costs will be tolerated, which could invalidate the scored approach to the contract assignment [3].

Officer response

The contingency within the contract allowance is for remedial works required to address any issues found with the assets serviced. This ensures issues are promptly addressed on site during the first inspection if achievable and thus ensuring safety and value for money by avoiding revisits. This authorisation is only within pre approved circumstances.

The contingency also gives allowance within the contract for fluctuations in the number of properties surveyed e.g. stock acquisition over the 8 year term.

Reason for call-in

It raises the very real concern that lower cost option on fire safety will result in a safety service which is not fit for purpose.

Officer response

The specified services are highly regulated and the contract (and law) requires

qualified, competent operatives to undertake these works. The Council will receive certification for completed surveys which will be monitored for quality, including post-work checks undertaken by qualified Council Officers.

The contractor undertakes M&E works for a number of London Boroughs.

Reason for call-in

The decision also contains concerning quality elements, such as the listing of tender quotes figures without clarifying the basis on which they are charged, i.e. are they on a PA basis?

Officer response

Part 2 – confidential appendix includes the annual budgetary values. Within part one a reference is made in paragraph 8 that the contract is based on a priced schedule of rates. The priced schedule of rates is the basis of the contract which includes a price for each service and an estimated quantity the Council will instruct. The contractor will apply for payment on completed services which are substantiated by certification. The application for payment will be managed by a council officer with any deviation from the contract requiring specific authorisation.

Proposal: Councillor Lee Chamberlain has asked that the decision is referred back to the decision maker.