

## Decision by Portfolio Holder



Epping Forest  
District Council

**Report reference: ENV-002-2017/18**

**Date of report: 06 July 2017**

**Portfolio: Environment**

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**Democratic Services: J Leither**

**Subject: Award criteria for a tender assessment for the 'Works and Maintenance of the Council's Sewage Treatment Plants and Pumping Stations' contract.**

### Decision:

To set the award criteria as the most economically advantageous, with a weighting of 70% cost and 30% quality, in the tender for the 'Works and Maintenance of the Council's Sewage Treatment Plants and Pumping Stations' for a three year contract with an option to extend for a further year.

<b>ADVISORY NOTICE:</b> <i>A Portfolio Holder may not take a decision on a matter on which he/she has declared a prejudicial interest. A Portfolio Holder with a non-pecuniary interest must declare that interest when exercising delegated powers.</i>	
I have read and approve/ <del>do not approve</del> (delete as appropriate) the above decision:	
Comments/further action required:	
Signed: Cllr W Brear-Hall	Date: 8 <sup>th</sup> July 2017
<i>Non-pecuniary interest declared by Portfolio Holder/ conflict of non-pecuniary interest declared by any other consulted Cabinet Member:</i>  N/A	<i>Dispensation granted by Standards Committee:</i> Yes/No or n/a  N/A
<b>Office use only:</b> Call-in period begins: 14 <sup>th</sup> July 2017	Expiry of Call-in period: 20 <sup>th</sup> July 2017

**After completion, one copy of this pro forma should be returned to Democratic Services IMMEDIATELY**

### Reason for Proposed Decision:

To ensure the Council secures the most appropriate contractor to maintain and provide an emergency service to the Council's sewage treatment plants and pumping stations and to ensure best value for money is being achieved.

### Other Options Considered and Rejected:

To award a contract on the lowest bid. It is possible to award the contract based on cost alone. However, it is considered that the Council should also take into account of the ability of the contractor to do the work to a satisfactory standard. It is considered that by including a quality element in the tender assessment it increases the Council's ability to find the contractor best suited to the work.

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Portfolio Holder:

## Report:

1. The Council requires the services of a contractor to maintain the Councils' seventeen sewage treatment plants and five pumping stations. The Council relies upon a contractor to provide an emergency repair service, 24/7, throughout the year. These services have traditionally been provided by a term contractor.

2. Primarily due to the need for the contractor to provide a reliable and rapid emergency service, it is important that the ability of a contractor to effectively deliver the service is taken into consideration at the tender stage. To this end, quality is to be assessed alongside cost. This will ensure the Council can select a contractor who is capable of providing an effective and efficient service.

3. There are no suitable national frameworks for the procurement of the services required. Contractors will be sourced from Construction Line and those that are considered to be able to perform the contract, in accordance with the Procurement Rules (2016). Discussions have been held with the Procurement Officer who is in support of setting the award criteria on a cost/quality basis. In order to strike an appropriate balance between cost and quality it is recommended that the contract be awarded based on the most economically advantageous tender by applying a weighting of 70% to cost and 30% to quality. (See Appendix 1 - Award and Evaluation of Contract criteria).

4. It has been established, in consultation with the Procurement Officer, that the most appropriate term for the contract is three years (with an option to extend for a further six months to a year). This negates the need to advertise in the OJEU. Any extension to the contract will only be considered if expenditure over the three years does not incite the Council's Procurement Rules (2016).

### Resource implications:

It is considered that the cost of the renewed contract can be met from the existing Continuing Services Budget. However, if the costs in the tenders are higher than anticipated then a Cabinet report will be presented at that time. The Communities Directorate meet the costs of the works for any Council properties and private owners are recharged proportionally.

The table below shows the expenditure over the last three years:

	2014/15	2015/16	2016/17	
Routine Works Pumping Stations	£11,540	£11,540	£9,053	2017/18 costs will be approximately £5,000 less than 2015/16 figure due to transfer of five pumping stations to Thames Water in October 2016
Routine Works Sewage Treatment Plants	£21,274	£20,922	£22,345	
Additional Works	£870	£1,062	£11,265	
Total	£33,684	£33,524	£42,663	Total 109,871

It should be noted that these assets are past their life expectancy and repair costs are likely to increase over time. The prices of the renewed contract will increase annually and inflation will be calculated using the figures issued by the UK Government for the Consumer Price Index – All Services. This is consistent with previous contracts.

**Legal and Governance Implications:**

Building Act 1984  
Public Health Acts  
Environment Protection Act 1990  
Water Resources Act 1991  
Environment Permitting Regulations 2016

**Safer, Cleaner and Greener Implications:**

Protecting the health and well being of all our residents and safeguarding and enhancing the local environment are inherent themes in the Council's Safer, Cleaner, Greener strategy.

**Consultation Undertaken:**

Discussions held with the Housing Directorate and the Council's Procurement Officer.

**Background Papers:**

None

**Impact Assessments:**

Risk Management

If these assets fail there is the potential for a significant public health risk to result and for the Council to be in breach of the relevant environmental discharge consents. The impact of not maintaining, or failure of, these assets is not currently itemised in the Council's Corporate Risk Matrix. It should however be noted that the majority of these assets are well past, or approaching their life expectancy and due to a number of reasons there is currently no Capital Replacement Programme in place

**Key Decision Reference (Y/N): Y**

**Equality Analysis:**

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix 2 to the report.

**Works and Maintenance of the Council's Sewage Treatment Plants and Pumping Stations  
Contract 2017-2020**

**APPENDIX 1 - Award and Evaluation of Contract Criteria**

The contract will be awarded on the basis of the most economically advantageous tender (a combination of cost and quality as below). The contract will be scored by applying the following weightings:

Evaluation Criteria	Total Weighting (%)
<b>Quality</b> based on: <ul style="list-style-type: none"> <li>▪ Method Statement or similar document describing how you will complete the contract (7.5%).</li> <li>▪ Relevant experience and evidence of having satisfactorily completed this kind of work for other local authorities/clients (7.5%).</li> <li>▪ Evidence of a suitable procedure in place to ensure a two hour emergency response can be maintained 24/7 - 365 days a year (7.5%).</li> <li>▪ Company structure and details of staff resources and available plant to undertake the work as specified (7.5%).</li> </ul>	30
<b>Contract Price</b> based on: <ul style="list-style-type: none"> <li>▪ Routine mechanical and electrical maintenance works (45%).</li> <li>▪ Schedule of rates prices (B1&amp; B2) (10%).</li> <li>▪ Contract Management (B3) (15%).</li> </ul>	70

The overall top scoring submission based on the two evaluation criteria (quality & price) will be awarded the contract. The Council will not be obliged to select the lowest priced or any tender.

QUALITY: Each item in the 'Quality' evaluation criteria will be scored out of 5. The resulting scores will be applied to the stated weightings.

**The method for scoring Quality will be as follows:**

ITT Scoring Sheet	
Classification	Score
Exceptional - meets and exceeds all the requirements listed in Sections 6.1-6.4	5
Very good - meets all of the requirements	4
Good - meets most of the requirements	3
Poor - meets some of the requirements	2
Very poor - meets only a very few of the requirements	1
Unacceptable - meets none of the requirements / no information provided	0

CONTRACT PRICE: The three elements making up the Contract Price criteria will be weighted as specified above. The lowest bidder for each element will be awarded the full percentage for that element and remaining bids will be scored according to their relationship with the lowest bid. This means that a bid only marginally higher than the lowest bid will score only marginally less than the maximum. *Any bid received that is more than twice the lowest price will be scored as zero in accordance with the above methodology.*

<p><b>Initialed as original copy by Portfolio Holder:</b></p>
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