

AGENDA ITEM: BOILER SUPPLY CONTRACT 2018 - 2022

Cabinet Member: Cllr Ray Stanley
Responsible Officer: Andrew Pritchard, Director of Operations

Reason for Report: To advise Cabinet of the outcome of the recent procurement exercise for the direct award, via a procurement framework, for the supply of Boilers for the Capital Boiler replacement programme and confirmation of the intention to award the contract.

RECOMMENDATION: It is recommended that Cabinet award the Boiler Supply Contract to **Supplier B** with an approximate forecast annual cost of £144,000

Contracted Works: The contract will deliver the supply of boilers and essential associated items to Mid Devon District Council for the Capital Boiler Replacement Programme.

Relationship to Corporate Plan: To contribute towards meeting the Decent and Affordable Homes target by making best use of the existing stock.

Financial Implications: The budget for the supply and installation of the boilers for is approximately £296,000 per annum. Capital investment in the MDDC stock will result in a lower on-going maintenance costs.

Legal Implications: We have a legal duty to maintain the stock and meet the Decent Homes Standard. The conditions of engagement are based on an existing framework with the YPO Procurement Consortium. This provides a robust framework for managing and controlling the performance of the contractor to meet our legal obligations.

Risk Assessment: The principal risk is failing to limit costs due to additional works and delivery of the programme. The performance of the contract will be monitored monthly and corrective action will be taken where performance falls below Key Performance Indicator Targets. These include:

- 1) Variations and extras
- 2) Delivery of programme
- 3) Cost

1 Introduction

- 1.1 The term of this contract is 4 years.
- 1.2 The procurement procedure was a compliant direct award process via a framework managed by YPO Procurement Operations, 41 Industrial Park Wakefield WF2 0XE United Kingdom.

2 Framework Benefits

- 2.1 About the framework provider:

The YPO Consortium (The Consortium) is a procurement consortium that supplies products and frameworks, providing procurement advice, guidance and expertise to public sector organisations. The Consortium is the largest formally constituted public sector buying organisation in the UK, owned and governed by local authorities. Customers include local authorities, schools, academies, colleges, universities, charities, care homes and the emergency services.

3 Use of YPO Frameworks

- 3.1 Available to all contracting authorities across England, Scotland and Wales.
- 3.2 Free to use for buying organisations, with no fees charged for Consortium membership or using the framework.
- 3.3 Keep the flexibility and ownership of managing the contract and specification as you choose.
- 3.4 No requirement to tender via OJEU directly as the pre-tendered framework is already fully compliant.
- 3.5 All suppliers have been fully assessed for their experience, technical and professional ability.

4 Procurement Process

- 4.1 The Boiler Supply Framework selected 4 boiler suppliers and manufacturers who were chosen via a tender issued in the Official Journal of the European Union (OJEU). The framework was undertaken as an EU compliant open tender procedure, as detailed in Regulation 27 of the UK statutory instrument Public Contracts Regulations 2015 #102.
- 4.2 The YPO framework 691, Plumbing Heating Materials, Lot 2 framework was used to identify the suppliers. Those suppliers were ranked from 1st to 4th based on their tender evaluation carried out by YPO. The recommendation of this report is to make a direct award to the highest ranked supplier within this framework, which can meet the Service Level Criteria of MDDC outlined in 4.7.

- 4.3 This is a two stage process; stage one was completed by YPO; and stage two, selection of the preferred supplier from the YPO list, has been carried out by the Procurement Service of MDDC. This latter process involved selecting the highest ranked supplier and discounting them if they could not meet the MDDC Service Level Criteria. The second highest ranked supplier was then selected and evaluated in the same way, until a supplier that could meet the Service Level Criteria was established. This became the preferred supplier; other lower ranked suppliers were not evaluated by MDDC as the preferred supplier has the highest evaluation score.
- 4.4 Selection of suppliers on the YPO framework was based on the most economically advantageous tender using the award criteria listed below and was run as an Open Tender Procedure by YPO.
- 4.5 The original tender was open to submissions between 16/10/2015 to 16/11/15 OJEU notice OJEU 2014/S 214-378721

YPO Framework Award Criteria

Cost	Weighting 40%
Quality	Weighting 20%
Customer Service and Delivery	Weighting 30%
Sustainability, Innovation, Environmental and Social	Weighting 10%

Supplier	Framework Rank	Overall % Score	Meets MDDC Criteria
Supplier A	1st	84%	No
Supplier B	2nd	83%	Yes
Supplier C	3rd	79%	N/A
Supplier D	4th	71%	N/A

- 4.6 Award guidance for this framework is to award to the highest ranking supplier who covers our area and can meet our specifications. A number of minimum Service Level Criteria were set out by way of a specification from MDDC, any contractor failing to meet these were discounted.
- 4.7 These requirements included:

Service Level Agreement	Performance Criteria
Delivery	Same day on supply must be available
Stock levels	Must hold a minimum of 20 of the following items at all times Vaillant EcoTec Sustain 24 Vaillant Horz air/flue duct and terminal Vaillant EcoTec upward pipe space frame Altecnic 22mm Dirtmag IQ dirt separator

	Neomitis wireless 7 day programmable room stat Altecnic WRAS filling loop CA-300611 Flow Pipe cowl 15mm C Westco Mini ballvalveXC 15mm Available for collection by MDDC same day as required.
Incorporation	Incorporation of the Vaillant Cashback scheme support scheme.

4.8 MDDC then evaluated the suppliers using the Service Level Criteria in 4.7. Supplier A did not meet the MDDC Criteria and was discounted. Supplier B did meet the MDDC Criteria and became the preferred bidder. Suppliers C and D were not evaluated as they had a lower overall score on the YPO Framework.

4.9 The framework agreement will cover the supply of boilers from 2018 to 2022.

5 Conclusion

5.1 The outcome of the evaluation of the suppliers via the YPO framework 691, Plumbing Heating Materials, Lot 2, shows Supplier B as the highest ranked supplier that could meet our specification and SLA's. This award will allow us to continue with supply with no increase in costs for the next 12 months, no future price increases without our agreement and the support of a compliantly procured contract.

1.3 Approval is required from Cabinet for contract award.

1.4 Subject to a voluntary Standstill period of 10 calendar days the agreed start date of the contract will be 21 May 2018

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Circulation of the Report: Leadership Team, Cllr Stanley, Legal Services, Audit