

Finance and Resources Committee

10.00am, Thursday, 23 March 2017

BEMS Installation Framework Agreement – Award under Delegated Authority

Item number	7.10
Report number	
Executive/routine	
Wards	All

Executive Summary

The Property and Facilities Management Service are running a programme to upgrade Building Energy Management Systems (BEMS) across the Council's operational property portfolio. To facilitate the delivery of the upgrade programme, a multi-supplier BEMS framework agreement requires to be put in place.

There would be benefit to having a framework agreement in place in sufficient time to carry out works during the school summer holidays 2017. Therefore, this report seeks the approval to delegate authority to the Acting Executive Director of Resources to appoint a framework of suppliers, following completion of the tender exercise.

Links

Coalition Pledges	P50
Council Priorities	CP12
Single Outcome Agreement	SO3, SO4

BEMS Installation Framework Agreement – Award under Delegated Authority

1. Recommendations

1.1 That Committee:

- 1.1.1 Delegates authority to the Acting Executive Director of Resources, in consultation with the Convenor and Vice Convenor of Finance and Resources Committee, to appoint a framework of suppliers to deliver the planned upgrade of the Council's BEMS estate which consists of approximately 180 properties, for a period of two years with two optional 12 month extensions to be undertaken at the sole discretions of the Council commencing in June 2017; and
- 1.1.2 Notes the total budget of £2.5m for the project, as detailed in the Financial Implications section of this report.

2. Background

- 2.1 A BEMS is a computer-based system which controls the main mechanical and electrical services within a building. The successful implementation and operation of a BEMS is essential to the management of building performance and energy efficiency.
- 2.2 The Council has an extensive portfolio of BEMS including in all corporate offices, care homes, high schools and the majority of primary schools.
- 2.3 The Council's BEMS are in urgent need of upgrading or replacement. Many systems are ageing and not functioning correctly with some systems now obsolete, making it difficult to maintain operational performance and source replacement components.
- 2.4 The Property and Facilities Management Services (PFM) have initiated a programme to upgrade the Council's BEMS. To support the upgrade, the Council requires to appoint a framework of suppliers to provide the following services:
 - survey of sites and generation of detailed upgrade proposals;
 - upgrade, replace or install BEMS control systems in line with the Council's BEMS Specification; and

- develop graphics for new BEMS installations in line with the Council's BEMS Specification.
- 2.5 PFM have developed a robust strategy for system upgrades and replacements including a detailed specification to ensure that upgraded control systems are delivered to a standardised set up and a consistent high quality.

3. Main report

- 3.1 To facilitate the delivery of BEMS upgrades to schools during the 2017 school summer holidays, this report seeks delegated authority to appoint suppliers to a framework agreement. This will allow the Council to progress the tender process in advance of the next Finance and Resources Committee cycle.
- 3.2 In consultation with Commercial and Procurement Services, it is intended that a contract notice will be placed for the BEMS Framework Agreement on the Public Contracts Scotland Portal during March 2017.
- 3.3 A cost/quality ratio of 60/40 will be applied in the evaluation. This is in recognition of the need to deliver both value for money and a quality service. Key quality factors for consideration will include the ability of tenderers to effectively project manage works and deliver BEMS installations to a high standard and in line with the Council's BEMS specification.
- 3.4 Organisations noting interest in tendering will be able to download the tender documentation which will be attached to the notice.
- 3.5 Tenders will be evaluated individually by an evaluation panel consisting of a minimum of three members. On completion of the individual qualitative evaluation, a moderation meeting will be held by the Commercial and Procurement Services Lead, and attended by the members of the evaluation panel. Individual scores will be reviewed and debated and a consensus score will be reached for each Tender. The consensus score and justification for the decision will be recorded.
- 3.6 The Council will apply a two stage evaluation process to all tenders received:
- 3.6.1 Stage 1 (Selection Criteria & Exclusion grounds) - The aim of the stage 1 evaluation is to allow the Council to identify suitable Tenderers in terms of compliance with the procurement regulations and the minimum contract specific standards set.
- 3.7 Only Tenderers who demonstrate suitability in those terms will be taken forward and evaluated in accordance with stage 2.
- 3.7.1 Stage 2 (Award Criteria) - The aim of the stage 2 evaluation is to select the tenders which represent the best overall value for money. This evaluation will include an emphasis on quality as well as price.

- 3.8 The quality analysis will be based on the answers provided in response to the weighted Award Criteria Questions and will be scored as per the published scoring matrix. The 40% quality ratio will be applied to the weighted quality score.
- 3.9 Following completion of the quality analysis, Tenders will be subject to a cost analysis. The cost analysis will establish a total estimated annual cost, based on estimated annual quantities of specified parts/products and labour multiplied by the tenderer's responses to the Schedule of Rates (SoR). Tenders will be required to quote their maximum rates for the specified parts/products and labour reflective of the maximum rates that will be applied during the contract period.
- 3.10 The lowest priced bid will be allocated the 60% cost ratio. All other bids will be scored on a prorated basis against the lowest bid. Scores from the quality analysis will then be combined with the scores for the cost analysis to reach a combined score and ranking for each tender submission.
- 3.11 The top six ranking suppliers, which meet the minimum quality score threshold, will be appointed to the framework agreement.
- 3.12 The following call off methodology will be applied during the contract period:
- Direct award - In urgent situations (defined by the Council at their discretion) the highest ranking supplier will be awarded the business. If they are unable to deliver the works the next highest ranked supplier will be offered the business and so on. The prices quoted by that supplier in their original tender submission will be applied; and
 - Mini competition - For the majority of the work, all suppliers on the framework agreement will be invited to a mini competition where they will quote for packages of work as per the Council's requirements. These submissions (upgrade proposals) will be assessed on a cost/quality basis applying the same overarching cost/quality ratio used in the original framework agreement (60/40 cost/quality). Mini competitions will drive further value for money as suppliers will be able to improve upon the maximum rates they quoted during the original tender exercise.
- 3.13 The Contract shall be subject to The City of Edinburgh Council's Terms and Conditions of Contract.

4. Measures of success

- 4.1 The outcomes of this procurement exercise will contribute towards the Council's obligations under the Climate Change (Scotland) Act 2009. Furthermore, upgraded BEMS is a critical step in enabling the Council to effectively deliver on the procedures outlined in the Council's Energy Policy.
- 4.2 The realisation of the operational benefits achievable through a modern BEMS including better control over heating and ventilation plant, improved thermal comfort, targeted maintenance and reduced energy consumption.

- 4.3 The provision of a control platform that will facilitate the delivery of future energy improvements and energy awareness initiatives.
- 4.4 Management oversight of the operational performance of the Council's BEMS estate and associated mechanical and electrical plant.

5. Financial impact

- 5.1 The framework agreement has a total estimated value of £2.5m (for the total contract period including possible extensions) and will be funded by the Asset Management Programme. Annual values will be dependent on the works undertaken within each year which will vary.
- 5.2 Any savings achieved will be dependent on tendered prices, mini competition discounts and the usage of the contract during the contract period. The Service Area Finance Manager will be responsible for benefits tracking and realisation following contract commencement.
- 5.3 The costs associated with procuring this contract are estimated at £10,001 - £20,000.

6. Risk, policy, compliance and governance impact

- 6.1 Failure to deliver a high quality BEMS Installation and associated control/software setup would have a significant impact on the successful delivery of the benefits associated with the Council's BEMS Strategy. To support the delivery of high quality works, the Council has appointed an experienced BEMS Project Manager and has produced a detailed BEMS Specification that fully defines requirements for BEMS works.
- 6.2 There is a significant risk to Best Value, maintainability and building operation if the Council lacks a clear programme and methodology for the upgrade of BEMS. The Council has developed a detailed BEMS Strategy which sets the vision for the upgrade of BEMS across the Council estate and defines specific requirements for works.
- 6.3 Failure to deliver the upgrade works would lead to operational risks, maintenance challenges and, as a consequence, poor control of BEMS and associated plant. This would result in increased energy consumption and therefore, increased spend on electricity and gas and associated Carbon emissions. There are a number of legislative drivers that encourage efficient use of energy.
- 6.4 The tender process will be undertaken in compliance with the Public Contracts (Scotland) Regulations 2015.

7. Equalities impact

7.1 No equalities or rights impacts have been identified in relation to this report.

8. Sustainability impact

- 8.1 The impacts of this report in relation to the three elements of the Climate Change (Scotland) Act 2009 Public Bodies Duties have been considered, and the outcomes are summarised below.
- 8.2 A significant portion of the Council's energy use is controlled through its BEMS infrastructure. Upgrading the Council BEMS will improve the opportunity to deliver sustainability benefits through appropriate energy management across the Council estate, including reduced consumption and associated carbon reduction.
- 8.3 The works undertaken through this framework agreement will help facilitate the delivery of the Council's Energy Policy. Consultation is regularly undertaken with colleagues across the Council to ensure collaboration on shared sustainability objectives including the Energy Policy and wider energy management.

9. Consultation and engagement

9.1 The procurement process is being undertaken in consultation with the Council's Commercial and Procurement Services. The Council's ICT Solutions service were also consulted and confirmed that as the project does not tie in with any ICT systems or software collaboration with them would not be required.

10. Background reading/external references

10.1 The City of Edinburgh Council's [Energy Policy](#)

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Links

Coalition Pledges	P50 - Meet greenhouse gas targets, including the national target of 42% by 2020.
Council Priorities	CP12 - A built environment to match our ambitions.
Single Outcome Agreement	SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential. SO4 - Edinburgh's communities are safer and have improved physical and social fabric.
Appendices	N/A