

Finance and Resources Committee

10.00am, Thursday, 10 November 2022

Waiver Extension – Building Energy Management System (BEMS)

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 It is recommended that Finance and Resources Committee:
 - 1.1.1 Notes the contract extension for the Building Energy Management System (BEMS) services awarded to TESGL Limited until 30 June 2023, through a waiver of the Contract Standing Orders, at an estimated total cost of £200,000. This contract extension was awarded as an urgent decision in accordance with section 4.1 of the Council's Committee Terms of Reference and Delegated Functions by then Executive Director of Resources, in consultation with the Convenor of Finance and Resources; and
 - 1.1.2 Notes the intention of insourcing the BEMS Bureau and data management service and that the extension will enable sufficient time for the establishment of the replacement service.

Paul Lawrence

Executive Director of Place

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Waiver Extension – Building Energy Management System (BEMS)

2. Executive Summary

- 2.1 This report notes the contract extension for the Building Energy Management System (BEMS) services awarded to TESGL Limited until 30 June 2023, through a waiver of the Contract Standing Orders, at an estimated total cost of £200,000. This contract extension was awarded as an urgent decision in accordance with section 4.1 of the Council's Committee Terms of Reference and Delegated Functions by then Executive Director of Resources, in consultation with the Convenor of Finance and Resources.
- 2.2 The report also explains the intention of insourcing the BEMS Bureau and data management service and that the extension will enable sufficient time for the establishment of the replacement service.

3. Background

- 3.1 TESGL Limited have supplied the Council's BEMS solution since 13 April 2016. This ensures the functionality of Automatic Controls Systems (ACS) primarily those pertaining to Heating, Ventilation and Air Conditioning (HVAC) systems within buildings across the Council's estate.
- 3.2 The contract with TESGL Limited expired in August 2020, but the procurement exercise to retender the contract was delayed due to the impact of the COVID-19 pandemic. The contract was extended until 30 September 2021 through a waiver of the Contract Standing Orders, at an estimated value of £250,000 and subsequently extended to a value of £125,000 until 31 December 2021 by this committee on [20 May 2021](#).
- 3.3 The Finance and Recourses Committee of [20 May 2021](#), also approved the new Hard Facilities Management (FM) contract to manage all Repairs and Maintenance (R&M) to the Council's non-housing operational estate. This contract did not include BEMS services but did include provision for adding or subtracting services if it was to the benefit of the Council.
- 3.4 The physical repair and maintenance of BEMS equipment was transferred to the Hard FM contract in January 2022.

- 3.5 The specialist BEMS bureau and data management service currently remains with TESGL Limited and is the subject of this this contract extension.
- 3.6 Separately the Scottish Government, as part of COVID-19 risk mitigation, funded a programme of installation of Carbon Dioxide (CO₂) monitors to 3,000+ learning spaces across the Council's school and early years estate. This exercise was completed in September 2022, noting the equipment also monitors and records temperature and relative humidity and are connected via LoraWAN to allow local and central monitoring by Council staff.
- 3.7 The Council is currently reviewing the internal FM technical staff resource to support the new contracts, the newly installed monitoring system and the increasing requirement for environmental and energy usage management including thermal comfort and air quality. A formal consultation will take place with staff and Trade Unions. It is anticipated that this will include provision for insourcing the specialist BEMS bureau and data management service.

4. Main report

- 4.1 The contract is operated across the Council's operational estate, inclusive of schools and care homes, including assurance of supply to maintain and manage energy (heat and electricity) and avoid ventilation and water issues (Legionella).
- 4.2 The extension will allow for changes to the way in which BEMS is managed allowing for integration with the new hard FM contract and Computer Aided Facilities Management (CAFM) integration, increasing estate awareness and energy demand/consumption control including the additional CO₂/Temperature/Relative Humidity monitors installed in summer 2022.
- 4.3 The additional time will enable investigation into the existing hardware, to implement changes to the monitoring and management approach, contingency to allow time for a managed transition to a new internal supplier, if necessary.
- 4.4 The process for formally reviewing this internal service is currently under way and it is anticipated to be complete including necessary recruitment by 30 June 2023 and this extension will enable the exercise to complete.
- 4.5 If the extension is not awarded, there would be a detrimental impact upon the ability to manage the energy usage and air and water quality and would place a risk on the safe operation of properties across the estate.

5. Next Steps

- 5.1 The existing extension to the contract with the supplier will end on 30 June 2023, and the exercise for the alternative internal service has already commenced.

6. Financial impact

- 6.1 The estimated value of the proposed extension, from 1 January 2022 until 30 June 2023, is approximately £200,000.
- 6.2 This waiver represents an increased risk of challenge within what is a competitive market; however, this is mitigated by the transfer of repairs and maintenance to the Council's R&M contractors and the intention to use the extension period to undertake an insourcing process.

7. Stakeholder/Community Impact

- 7.1 None.

8. Background reading/external references

- 8.1 [Hard Facilities Management Services Delivery Partners](#) – Award of Contracts - Finance and Resources Committee, 20 May 2021.
- 8.2 [Waiver Extension – Building Energy Management Systems \(BEMS\)](#) - Finance and Resources Committee, 20 May 2021.

9. Appendices

- 9.1 None.