

To: The Management Committee

From: The Technical Services Manager

Subject: Original Stock Radiators and Associated Pipework – Tender Acceptance

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## **1. Introduction/Purpose**

- 1.1 The purpose of this report is to seek approval to appoint a contractor to carry out the replacement of the radiators and associated pipework to our Original Stock.

## **2. Background**

- 2.1 In order to continue to deliver our planned maintenance programme we need a contractor to carry out these works. These are the balance of the works not carried out by PH Jones pre Covid and City Technical post Covid before City Technical withdrew due to increasing delivery costs.

## **3. Radiator and Associated Pipework Replacement**

### **3.1 Tender Process**

- 3.1.1 Contractors were invited via Public Contracts Scotland website through an unrestricted competition (any organisation that has the relevant experience may submit a tender) to submit tenders. Tenders were received from three parties and evaluated on both price and quality.

- 3.1.2 This approach is in accordance with the Purchasing, Procurement and Tenders Policy.

### **3.2 Tender Evaluation Report**

- 3.2.1 The tender evaluation report has been prepared by Reid Associates and is contained in Appendix 1 for Committee's consideration. Please note all figures contained in Reid Associates report are exclusive of VAT.
- 3.2.2 In summary the report details the tender process and a cost and quality evaluation of the tenders received and recommends that further discussions are held with the 'best value' tenderer.

- 3.2.3 A meeting was held between Rosehill, Reid Associates and Neat Heat at which matters relating to contract delivery and cost were discussed. This resulted in Neat Heat discovering errors in their tender and submitting a revised offer.
- 3.2.4 The supplementary tender evaluation report has been prepared by Reid Associates and is contained in Appendix 2 for Committee's consideration. Please note all figures contained in Reid Associates report are exclusive of VAT.
- 3.2.5 In summary the report details the tender process and a cost and quality evaluation of the tenders received and recommends the revised tender from Neat Heat (Scotland) Ltd be considered for acceptance.
- 3.3 Contract Sum
- 3.3.1 Neat Heats' tender sum is £888,927.45 exclusive of VAT.
- 3.3.2 In some properties we cannot follow the same pipe routes, due to this it is prudent for the inclusion of a client contingency sum to be included to cover any further design issues and additional works. An allowance of £100,000 should be made.
- 3.3.3 This equates to £2,769 per property. With a client contingency of £100,000.00 retained from the budget.

#### **4. Budget v Contract Sum**

- 4.1 The budget for the radiators and associated pipework is £1,411,000.00 inclusive of VAT. The tender submitted by Neat Heat of £1,066,712.90 inclusive of VAT is below this budgeted figure.

#### **5. Risk**

- 5.1 We consider risk under various contexts e.g. financial, governance, technology etc as per our Risk Management Policy at both strategic and operational levels. No strategic risks have been identified, minor risk relating to additional costs have been mitigated by the provision of the contingency sum noted in 3.3.2.

#### **6. Compliance and Assurance**

- 6.1 By procuring this contract in the way detailed in 3.1 we are demonstrating compliance with the Scottish Social Housing Charter:

Social landlords manage all aspects of their businesses so that tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

6.2 By meeting the above requirements we are also meeting Regulatory Requirements and Standards.

6.3 Evidence Bank

6.3.1 Committee is reminded that the assurance exercises are available in the Committee log-in area of our website for its consideration.

## **7. Summary and Recommendations**

7.1 In summary to deliver the radiators and associated pipework we need to employ a contractor to carry out this project. The appointment is based on competitive tenders and the risks have been identified and considered at Section 5.

7.2 You are asked to consider the above and approve the appointment of Neat Heat (Scotland) Ltd in the amount of £1,066,712.90 inclusive of VAT

7.3 You are also asked to consider the retaining of a contingency of £100,000.00 inclusive of VAT.