

**ITEM No ...8.....**

**REPORT TO: FAIR WORK, ECONOMIC GROWTH AND INFRASTRUCTURE COMMITTEE – 20 NOVEMBER 2023**

**REPORT ON: INSPECTION AND TESTING OF HEATING AND VENTILATION CONTROL SYSTEMS - 3 YEAR CONTRACT WITH THE OPTION TO EXTEND**

**REPORT BY: EXECUTIVE DIRECTOR OF CITY DEVELOPMENT**

**REPORT NO: 284-2023**

**1 PURPOSE OF REPORT**

1.1 The purpose of this report is to present a sourcing strategy for the tender process for the inspection and testing of the Heating and Ventilation control systems within 105 properties and to seek approval to commence a compliant tender process, leading to the award of a contract for 3 years, with a plus 1, plus 1 option to extend, totalling 5 years.

**2 RECOMMENDATION**

2.1 It is recommended that the Committee approves the commencement of a procurement exercise in respect of the project described, based on the sourcing strategy, summarised in this report

**3 FINANCIAL IMPLICATIONS**

3.1 The financial implications associated with this report are the estimated cost of the contract to be awarded. Based on previous experience and market enquiries carried out against existing framework rates, the total capital cost of the contract is anticipated to be £645k, which is inclusive of the proposed extension option and fees. The contract will be funded from the Revenue (Property Health & Safety) Budget.

3.2 Once the formal tender has been received, this will be brought to Committee for approval

3.3 Any repair or maintenance works that are highlighted as being required through inspection and testing will be additional to the servicing contract and will be funded from the existing City Development Property Health & Safety Revenue budget.

**4 SOURCING STRATEGY SUMMARY**

4.1 In summary, this Sourcing Strategy seeks approval to progress with an appropriate compliant tender process via Public Contracts Scotland. This is a specialist market and as such it is anticipated there may be a limited number of bids, therefore pre-qualification is not required. Bidders will, however, go through a selection process to assess capability to the needs and requirement of the contract.

## 5 RISK ANALYSIS

- 5.1 There are 4 standard risks in any procurement and for public sector regulated procurements, a fifth is added, that of the procurement exercise itself breaching the public contract regulations and leaving the Council open to a legal challenge:

Description of Risk	Actions To Be Taken To Manage Risk
<b>Commercial Risk</b> – that either the price objectives are not achieved up front or there are other costs that arise during the contract and diminish the overall benefits.	Low Risk - the contract will be tendered and awarded through a compliant tender procedure, through which all costs have been considered.
<b>Technical Risk</b> – this concerns the difficulty in being able to specify the desired outcome and on the market being unable to deliver to the specification.	Low Risk - the contract will be tendered and awarded through a compliant procedure. Bidders will be required to demonstrate technical competence as part of the tender evaluation process.
<b>Performance Risk</b> – this concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits.	Low Risk – A contract management process will be put in place with the use of KPI's
<b>Contractual Risk</b> – being able to remedy the shortcomings in the contractor's performance without severely damaging the contract and about avoiding reliance on the contracted supplier as the contract develops.	Low Risk - DCC are contractually protected via the contract terms and conditions. The contractor shall be proactively managed during the term of the contract
<b>Procurement Risk</b> – where a procurement is found unsound in law, through the public procurement rules.	Low Risk – This is a regulated contract.

## 6 SUMMARY

- 6.1 It is recommended that the Committee approve this Sourcing Strategy and award appropriate delegated powers to the Executive Director of City Development to proceed as outlined.

## 7 POLICY IMPLICATIONS

- 7.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate Senior Manager has reviewed and agreed with this assessment.

## 8 CONSULTATIONS

- 8.1 The Council Leadership Team have been consulted in the preparation of this report and are in agreement with its content.

**9 BACKGROUND PAPERS**

9.1 None.

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15 September 2023

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