

WEST DUNBARTONSHIRE COUNCIL**Report by Strategic Director - Transformation & Public Service Reform****Tendering Committee: 18 September 2019**

Subject: Contract Authorisation Report - Provision of Energy Management Bureau Services

1. Purpose

- 1.1** The purpose of this report is to seek the approval of the Tendering Committee to authorise the Strategic Lead - Regulatory to conclude the award of the contract for the Provision of Energy Management Bureau Services.

2. Recommendations

- 2.1** It is recommended that the Tendering Committee:

- a) Authorise the Strategic Lead - Regulatory to conclude on behalf of West Dunbartonshire Council (the Council), the award of the contract for the Provision of Energy Management Bureau Services to Systemslink 2000 Ltd.
- b) Note that the contract shall be for a period of three years from 01 October 2019 with an option to extend for a further two x 12 months until 30 September 2024. The financial saving in respect of this contract is £14,575 per annum ex VAT.

3. Background

- 3.1** The Council has a requirement for the Provision of Energy Management Bureau Services.

- 3.2** The purpose of the service is to ensure that the Council and West Dunbartonshire Leisure Trust (WDLT) are invoiced correctly for utilities consumption (including energy and water) as well as assisting the Council in compliance with the UK Government's Streamlined Energy & Carbon Reporting (SECR) requirements. In addition to manage assets better in order to reduce energy consumption / spend and carbon emissions.

- 3.3** The provider will deliver the service by collecting energy meter data from the Council and WDLT operational properties and providing a bill validation service to check that utility invoices are billed at the correct contract rate and contain no errors. Where errors are found, the provider will rectify with the relevant energy supplier and the Council will be refunded of any monies due. The provider will scan and store all utility invoices relating to gas, electricity, water, biomass, diesel, and gas oil, on a database accessible via a website hosted by

the provider. The Council will have access to the data and a number of reporting features both for finance and energy management purposes. The provider will also calculate carbon dioxide (CO2) and greenhouse gas emissions based on consumption and contract data, along with specific reporting, in order to assist the Council with compliance to SECR requirements.

- 3.4** Although the Council currently receives this service, the contract is now being subject to a competitive tendering process in order to meet the requirements of the Council's Standing Orders, Financial Regulations and demonstrate best value for the Council.
- 3.5** The budget for the Provision of Energy Management Bureau Services was approved at the Infrastructure, Regeneration & Economic Development (IRED) Committee on 14 December 2016. Organisational changes within the Energy & Compliance section resulted in a delay in conducting this procurement exercise. This procurement exercise has been conducted in accordance with the *Public Contracts Regulations 2015* for Services. A Contract Strategy document was also approved by the Procurement Manager on 31 May 2019.
- 3.6** The UK Government's Crown Commercial Services (CCS) has a Framework Agreement (FA) for Utility Management Software, Metering and Ancillary Services, which covers this requirement. A mini competition conducted under this FA was published on the Public Contracts Scotland – Tender (PCS-Tender) portal. Three of the seven FA providers invited to the mini competition submitted a response by the deadline of 12 Noon on 4 July 2019.

4. Main Issues

- 4.1** The three tender submissions were evaluated by representatives from Corporate Asset Management and the Corporate Procurement Unit against pre-determined selection criteria forming part of the published tender documents which assessed competence, experience, and capacity. Two tender submissions passed the selection criteria.
- 4.2** Two tender submissions were taken forward to be evaluated against a set of award criteria which was based on a price / quality ratio of 60% / 40%. The scores relative to the award criteria of each provider, are as follows:

	Weighting	Optima Energy Systems	Systemslink 2000 Ltd.
Quality (40%)			
ICT Security	4%	4%	4%
Service Delivery & Methodology	10%	5%	10%

Project Plan & Milestones	6%	3%	6%
Experience and Methodology	6%	4.5%	6%
Risks	6%	3%	6%
Phase Out/Exit Plan	4%	2%	3%
Sustainability (Sustainable Procurement)	1%	0.5%	0.8%
Social Benefits	1%	1%	0.3%
eProcurement	1%	0.3%	0.5%
Commitment to Fair Working Practices	1%	0.3%	1%
Quality Sub-Total %:	40%	23.6%	37.6%
Price Sub Total %	60%	60%	48.4%
Total Score	100%	83.6%	86%

4.3 It is recommended that the contract is awarded to Systemslink 2000 Ltd, of Preston, England, who has provided the most economically advantageous tender. The duration of the contract shall be for a period of three years from 01 October 2019 with an option to extend for a further two x 12 months until 30 September 2024. Please note: providers had to state a single price therefore it was considered to be commercially sensitive thus only the price percentage has been shown in the table above.

4.4 Systemslink 2000 Ltd is not an accredited Living Wage Employer; however pay the Scottish Living Wage to all employees.

4.5 Systemslink 2000 Ltd have committed to delivery of the following social benefits as a result of delivery of this contract:

- A £200 annual donation which the Council can use across community schemes. At contract award, a discussion will be had with the provider to negotiate a higher amount.

5. Options Appraisal

5.1 In 2018, the service area carried out a desktop exercise to compare the cost of internally resourcing compared to externally procuring.

5.2 The service area compared the indicative cost to hire a full time member of staff, build / procure a specialist database to capture and manage the tariffs

and bills, and the specialist skills and knowledge required to bill validate and resolve complex queries with utility providers.

- 5.3** The service area deemed that it was more cost effective to tender for this service as it could be provided for less money than to resource internally, and contracting provides access to a larger resource pool of specialist knowledge and infrastructure to manage, i.e. database and processes.

6. People Implications

- 6.1** There are no people implications.

7. Financial and Procurement Implications

- 7.1** The financial saving in respect of this contract is £14,575 per annum against the allocated budget. The costs will be met from the approved Revenue budgets of Corporate Asset Management.
- 7.2** This contract will mitigate costs for spend on utilities, by resolving billing errors such as duplicate billing and overcharging, to ensure that the Council pays the correct rates for its utilities. The service has previously delivered the following mitigated costs:

Year	Costs mitigated	Cumulative costs mitigated
Apr 2014 - Mar 2015	£42,441	£42,441
Apr 2015 - Mar 2016	£54,989	£97,430
Apr 2016 - Mar 2017	£112,387	£209,817
Apr 2017 - Mar 2018	£67,000	£276,817
Apr 2018 - Dec 2018 (9 months)	£155,000	£431,817

- 7.3** The financial costs for the service will remain stable for an initial period of two years. After this, there will be formal price review periods (six monthly) whereby any changes to the cost of the service will be required to be justified / evidenced by the contracted provider and agreed by the Council.
- 7.4** This procurement exercise was conducted in accordance with the agreed contract strategy produced by the Corporate Procurement Unit in consultation with Corporate Asset Management officers and the provisions of Contract Standing Orders, the Financial Regulations and relevant procurement legislation.

8. Risk Analysis

- 8.1** The successful provider has no known links to serious and organised crime which would have significant political and reputational ramifications for the Council.

9. Equalities Impact Assessment (EIA)

- 9.1** An equalities screening was undertaken for this report to determine if there is an equalities impact. The results were there is no equalities impact.

10. Consultation

- 10.1** Corporate Asset Management, Finance and Legal Services have been consulted on the contents of the report.

11. Strategic Assessment

- 11.1** The Provision of Energy Management Bureau Services will contribute to the delivery of the Council's strategic priorities by supporting the provision of efficient and effective frontline services that improve the everyday lives of residents.

Angela Wilson

Strategic Director - Transformation & Public Service Reform

04 September 2019

Person to Contact:	Andrew Duncan - Procurement Officer, Corporate Procurement Unit, 16 Church Street, Dumbarton, G82 1QL. Telephone 01389 737425
Appendices:	None
Background Papers:	1. Contract Strategy; and 2. EIA Screening
Wards Affected:	All

