



Report of: Executive Member for Housing and Development

Meeting of:	Date	Agenda item	Ward(s)
Executive	12 February 2015		All

Delete as appropriate		Non-exempt
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SUBJECT: Approval of the Procurement strategy for Housing Repairs - Scaffolding (north and south) contract

1. Synopsis

- 1.1 This report sets out the proposed procurement strategy for the tender of the Housing Repairs Scaffolding (north and south) contract, which is being procured to support the Repairs Team to carry out the necessary roofing repairs to the council's housing stock in accordance with Rule 2.5 of the Council's Procurement Rules.

2. Recommendations

- 2.1 To carry out a two stage, closed tender for the procurement of the housing repairs scaffolding contracts (north and south), based on 70% awarded for price and 30% awarded for quality.
- 2.2 To award the scaffolding contract to the bidder that submits the most economically advantageous tender following completion of the tender process.
- 2.3 To delegate authority to the Corporate Director of Housing and Adult Social Services, in consultation with the Executive Member for Housing and Development, to award the Scaffolding contracts following the tender process outlined in 2.1.

3 Background

- 3.1 The Council currently provides responsive repairs services to approximately 24,000 properties, delivering around 4000 responsive repairs a month of various kinds. Roofing accounts for around 5000 of those repairs a year and approximately 55% of those jobs require scaffolding.
- 3.2 In July 2013 the council gave Kier notice that they did not intend to extend the repairs contract beyond October 2014, Kier exercised their right to terminate the contract by giving 12 months' notice. This gave the council just under a year to procure a supply chain to support the in-house team with specialist work and during peak times. Kier operated a small in-house roofing team and therefore the

size of the external contracts procured for roofing and scaffolding reflected the volume of work that could not be covered by the in-house team. Following the transfer of the team to the council it became clear that volumes of work were far higher than anticipated for a number of reasons, including the inherited backlog from Kier and the prolonged period of wet weather.

- 3.3 The in-house team does not have the capacity or current skills to store and erect their own scaffolding which requires a high level of specialism and training to ensure safe delivery for both employees and residents. It is crucial that contractors are fully compliant with the Working at Height Regulations 2005. All employees should be competent for the type of scaffolding work they are undertaking and should have received appropriate training relevant to the type and complexity of scaffolding they are working on. The newly in-sourced team are therefore reliant on the current roofing contractors to provide scaffolding in order to carry out their allocated jobs, but, due to the increased volume of work the current roofing contractors have not been able support this function. The council therefore needs to procure scaffolding contractors for the north and the south of the borough, to support the in-house team to carry out their workload. The estimated annual value of the new scaffolding contracts is £500k.
- 3.4 It is important that the new contracts are awarded as soon as possible in order to support the repairs service provided by the in house team. Accordingly, authority is sought to delegate the decision on the award of the new contracts to the Corporate Director of Housing and Adult Social Services, following the tender process. It is essential that the council procures and mobilises the scaffolding contracts as soon as possible so that the backlog of roofing jobs does not increase and the council meets its repairing obligations as a landlord. Furthermore, the longer it takes to complete a roof repair the costlier the repair becomes, often causing further damage to the building and within the home, causing tenants distress and increasing the cost of the repair for the council. Failure to deliver this service not only carries a reputational risk for the council, but there is a further financial risk in relation to potential legal disrepair claims. The Council has a statutory obligation to keep its residential properties in good repair.
- 3.5 Supporting the in-house team to carry out roofing jobs should reduce the reliance on external contractors, who are currently carrying out around 70% of the roofing work in the borough. Direct management of the scaffolding contractors will improve the council's ability to monitor the erection and removal of scaffolding to ensure that delays in removal are avoided where possible.
- 3.6 The contracts will be procured for 24 months, with the option for a 24 month extension at the council's sole discretion, (total contract duration 48 months). The contract can be reviewed as the service moves forward ensuring all key performance indicators are being met. It is recommended that there are two scaffolding contracts one for the north of the borough and the other for the south. There will be no guaranteed volumes of work under the contracts.
- 3.7 A competitive tender is proposed. Consideration has been given to the use of an existing framework but the council would like to attract smaller, local businesses to bid for the contract and existing frameworks exclude such businesses. The contract will include social benefit and sustainability clauses. London Living Wage will apply to all staff working on the contract.
- 3.8 The tender process will be conducted in two stages, known as the Restricted Procedure. The first stage is Selection Criteria through a Pre- Qualification Questionnaire (PQQ) which establishes whether an organisation meets the financial requirements, is competent and capable and has the necessary resources to carry out the contract. The PQQ is backwards looking and explores how the organisation has performed to date, its financial standing, information about their history and experience.

A limited or 'restricted' number of these organisations meeting the PQQ requirements, as specified in the advertisement, will then be invited to tender (ITT). The second stage is the ITT this is forwards-looking using Award Criteria. Tenders are evaluated on the basis of the tenderers' price and ability to deliver the contract works as set out in the evaluation criteria in order to determine the most economically advantageous offer. The proposed evaluation criteria are 70% Price and 30% Quality.

- 3.9 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to sign the Council's anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences. The adequacy of these measures will initially be assessed by officers and the outcome of that assessment will be reviewed by the Council's Procurement Board.

4 Implications

4.1 Financial implications

The cost of the new scaffolding contracts are estimated to be approximately £500k in a full year and will be contained within the Housing Responsive Repairs budget for sub-contracted services which for 2015/16 is estimated to be £5.2m. It is planned that this budget will be split via two contractors, appointed via this tendering process. It is therefore anticipated that each contractor will be allocated approximately £250k of works pa in a full year.

4.2 Legal Implications

The council has an obligation to keep its housing properties in repair (Part 2 of the Housing Act 1985; section 11 of the Landlord and Tenant Act 1985; tenancy conditions and rtb lease) Accordingly, the council has power to procure and enter into the proposed scaffolding contracts to support the in-house repair service and ensure that the council meets its contractual and statutory repair and maintenance obligations (section 1 of the Local Government (Contracts) Act 1997).

The proposed contracts are works contracts for the purposes of the Public Contracts Regulations 2006. The estimated value of the proposed contracts are below the financial threshold for full application of the Public Contracts Regulations 2006 and therefore do not need to be advertised in OJEU. However, there is a requirement under EU rules for such contracts to comply with the principles of equal treatment, non-discrimination and fair competition and therefore some form of advertising is likely to be required. Further, the council's Procurement Rules require contracts over the value of £100,000 to be subject to competitive tender.

The contracts are for periods in excess of 12 months and therefore will be qualifying long term agreements under section 20 of the Landlord and Tenant Act 1985. Accordingly the council will need to comply with the leaseholder consultation requirements applicable to long term qualifying agreements set out in the Service Charges (Consultation Requirements) (England) Regulations 2003 (as amended.)

4.3 Environmental Implications

The main environmental impacts from the scaffolding contract are likely to be the potential for disturbance to biodiversity, travel and resource usage. During the erection of scaffolding, disturbance may be caused to species living in the building fabric (e.g. nesting birds) or in the immediate vicinity (nearby trees or hedges), whilst birds may also nest on scaffolding after it has been erected. In order to mitigate the risk of disturbing protected species, staff working for the contractor should be trained to recognise and mitigate disturbance risk.

Erecting and taking down the scaffolding will require the contractor to travel to various sites, leading to exhaust emissions and contributing to congestion. The contractor should be required to minimise the number of journeys made and optimise their routes.

Resource usage will occur when scaffolding is purchased or repaired. Where possible, the contractor should be required to use recycled or sustainably produced material (e.g. FSC or PEFC certified

timber).

4.4 Equality Impact Assessment

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding

A Resident Engagement Assessment (RIA) has been completed for the in-sourcing of the Repairs Service. This is being reviewed and updated via the Repairs Integration Equalities workstream with a number of actions around both resident and workforce equalities. These include improving services to disabled tenants and tenants who do not have English as their first language and various actions to support increasing the diversity of the workforce.

5. Conclusion and reasons for recommendations

- 5.1 Scaffolding contracts (north and south) are key to the effective delivery of the newly in-sourced Housing Repairs Service, a two stage tender should be carried out to identify the two most economically advantageous contractors to deliver the service on behalf of the council.
- 5.2 It is recommended that the Corporate Director of Housing and Adult Social Services be authorised to award the scaffolding contracts on the completion of the two stage tender procurement, to ensure the contracts can be awarded and mobilised as soon as possible.

Final report clearance:



Signed by: Executive Member for Housing and Development

Date: 27 January 2015

Received by: Head of Democratic Services

Date:

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