

Decision Report of: Corporate Director of Housing and Adult Social Services

Officer Decision	Date: 3 September 2015	Ward: All
-------------------------	-------------------------------	------------------

Delete as appropriate	Exempt	Non-exempt
-----------------------	--------	------------

THE APPENDIX TO THIS REPORT IS NOT FOR PUBLICATION**SUBJECT: 1415-238 Domestic Boiler Installation programme with back-up service for responsive and out-of-hours emergency repairs and servicing****1. Synopsis**

- 1.1 The procurement strategy for the contract for Domestic Boiler Installation programme with back-up service for responsive and out-of-hours emergency repairs and servicing (North) was approved by the Executive on 12 February 2015. The approved strategy included delegating the decision on the award of the contract to the Corporate Director of Housing and Adult Social Services in liaison with the Executive Member for Housing.

The contract will be awarded to two contractors for an initial period of up to 24 months with the possibility of two further extensions of 12 months period each (total contract duration 48 months). The estimated overall total value of the contract is £4,200,000.

The Contract Notice (advert) was submitted to London Tenders Portal and Contracts Finder on 3 July 2015; tenderers were given until 3 August 2015 to submit their bids. The award criteria was based on 60% cost and 40% quality.

2. Recommendation

- 2.1 To award the contract for the Domestic Boiler Installation programme with back-up service for responsive and out-of-hours emergency repairs and servicing (North) to:
- GEM Environmental Building Services Ltd, 121-122 Omega Works, 4 Roach Road, London E3 2PF
 - K&T Heating Services, Thames House, Stone Foundries Estate, 669 Woolwich Road Woolwich, London, SE7 8LH

3. Date the decision is to be taken

- 3.1 Thursday 3 September 2015.

4. Background

- 4.1 The Gas service was brought in-house on 2 June 2014. A separate contract was procured for the domestic boiler installation programme with a back-up service to the in-house team for responsive repairs and servicing including for an out of hour emergency cover and covering peak times for the north of the borough.

The appointed installation and back up contractor was unable to meet the demands of the service and the council made the decision not to extend the contract beyond the initial contract period and instead it would carry out a full robust tender process and procure a framework with two contractors to meet service needs. This will ensure the council is able to comply effectively with the repairing obligations as a landlord by accessing a larger pool of available resources at short notice.

The gas service provides approximately 13,000 responsive repairs for tenants' gas heating systems a year, carries out a planned programme of boiler installations of approximately 400 properties a year and annual gas safety inspections for all 11,000 properties in the north of the borough as part of the statutory obligations under the Gas Safety (Installation and Use) Regulations 1998.

The estimated value of the proposed framework is below the financial threshold for full application of the Public Contracts Regulations 2015 and therefore did not need to be advertised in OJEU. However, there is a requirement under EU rules to comply with the principles of equal treatment, non-discrimination and fair competition. Further, the council's Procurement Rules requires contracts over the value of the EU thresholds for services and supplies to be subject to competitive tender. Since the market for these services was deemed to be relatively limited, it was decided that the most efficient procurement route would be to follow an open procedure.

The Invitation to Tender (ITT) comprised of two parts:

- The first part assessed the selection criteria for the contract; the minimum requirements for the performance of the contract. This part required organisations to complete two mandatory headline questions and six technical and/or professional ability questions. Only those organisations that scored at least a satisfactory score (3) or more in each question would have the remainder of their tender evaluated.
- The second part of the ITT assessed the award criteria. Bidders were required to give responses to four method statement questions, and complete a pricing schedule.

Following evaluation of the selection criteria, six bidders failed to meet the minimum requirements for the contract, and their submissions were not considered further. Eleven bidders had the remainder of their tender evaluated. In order to be awarded the contract bidders needed to score a minimum of three (3) points for each question, on this basis a further 3 bidders were excluded from the final scoring.

The results of the tender evaluation are set out in the attached exempt appendix 1.

- 4.2 There was no opportunity to procure this service using an existing framework as there are none available that will offer the council the flexibility required within the contract to deliver both planned installations and responsive repairs cover during peak periods. The contract will include social benefit and sustainability clauses. London Living Wage will apply to all staff working on the contract.
- 4.3 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. The Information Commissioner has published examples of organisations found guilty of blacklisting within the construction industry, albeit prior to the coming into the operation of those regulations. At full Council 26 March 2013, a motion was passed that called "upon the Leader to ask the Chief Executive to review the council's procurement processes to ensure that the involvement of tenderers in this practice can be taken into account where legally possible." The Council has verified that none of the organisations recommended to be awarded contracts or receive contract extensions in this report are included on the published list of blacklisting organisations.

5. Implications

5.1 Financial implications

The council has an obligation to keep its housing properties in good repair and the installations therein for the supply of water, gas and electricity and for sanitation in good working order (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 establish a framework of contractors to install boilers and provide back up services to the in-house Repair Service to ensure that the council meets its contractual and statutory repair and maintenance obligations (section 1 of the Local Government (Contracts) Act 1997 and s111 of the Local Government Act 1972).

The Council is also required by the Gas Safety (Installation and Use) Regulations 1998, to ensure that a) any relevant gas fitting; and b) any flue which serves any relevant gas fitting; is maintained in a safe condition, so as to prevent the risk of injury to any person in lawful occupation of a premises.

The procurement has been undertaken in accordance with the requirements of the Public Contracts Regulations 2006 and the Council's Procurement Rules. The tenders have been evaluated in accordance with the tender evaluation model.

5.2 Legal Implications

The council has an obligation to keep its housing properties in good repair and the installations therein for the supply of water, gas and electricity and for sanitation in good working order (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 establish a framework of contractors to install boilers and provide back up services to the in-house Repair Service to ensure that the council meets its contractual and statutory repair and maintenance obligations (section 1 of the Local Government (Contracts) Act 1997 and s111 of the Local Government Act 1972).

The Council is also required by the Gas Safety (Installation and Use) Regulations 1998, to ensure that a) any relevant gas fitting; and b) any flue which serves any relevant gas fitting; is maintained in a safe condition, so as to prevent the risk of injury to any person in lawful occupation of a premises.

The Executive at a meeting its meeting on 12th February 2015 provided the Corporate Director for Housing and Adults Social Services with authority to award contracts related to the installation of domestic boilers including back-up service for responsive and out-of-hours emergency repairs and servicing.

The estimated value of the proposed framework is below the financial threshold for full application of the Public Contracts Regulations 2006 and therefore does not need to be advertised in OJEU. However, there is a requirement under EU rules for such frameworks 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 requires frameworks over the value of £100k to be subject to competitive tender.

The procurement has been undertaken in accordance with the requirements of the Public Contracts Regulations 2006 and the Council's Procurement Rules. The tenders have been evaluated in accordance with the tender evaluation model. Accordingly the Corporate Director may award contracts to the highest scoring bidders who are GEM Environmental Building Services Ltd and K&T Heating Services as recommended in this report.

In deciding whether to award these contracts as recommended the Corporate Director should be satisfied as to the competence of the contractors and that the tender prices represent value for money for the Council. In considering the recommendations in this report the Corporate Director must take into account the information contained in the exempt appendix to the report.

5.3 Environmental Implications

An Environmental Impact Assessment was carried out in June 2014. The main potential environmental

impacts of the contract for domestic boiler installation, repairs and servicing identified were:

- Disturbance of biodiversity; some protected species live in and around the fabric of domestic dwellings, including nesting birds and bats. Staff at the contractor should be trained to identify and deal with potential biodiversity risks.
- Emissions; the installed boilers will produce emissions during combustion. The contractor will be required to install only A-rated boilers (rated using the 2009 calculation). NO_x emissions should be minimised by ensuring that all newly-installed boilers are class 5 (European Standard EN 483:2000).
- Travel; carrying out works will involve travelling to different sites, which may result in tailpipe emissions and also contributes to congestion. The contractor should be required to ensure that zero or low emission vehicles are used, and to combine jobs to ensure effective route optimisation where possible.
- Use of materials; installation and repair works may require the use of new materials (e.g. piping). The contractor should seek to minimise the new of virgin products, and reuse existing materials where possible.
- Waste generation; installation and repair works are likely to generate waste products, some of which may be hazardous. The contractor has a duty of care to ensure that these are disposed of legally and that the waste hierarchy is followed to ensure the maximum rate of reuse and recycling.

5.4 Resident 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 full RIA was completed when the Gas Service was brought in-house where all potential equalities issues were considered.

6. Reason for the Decision

- 6.1 On 12 February 2015 the Executive agreed 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 these contracts required to support the in-house gas servicing and repairs service following completion of this tender process.
- 6.2 The award decision for this contract is being made on the basis of the most economically advantageous tender (MEAT) based on 60% cost and 40% quality. The contract is being awarded to the two tenderers who achieve the highest combined cost and quality scores.

7. Record of the Decision

- 7.1 I have today decided to take the decision set out in section 2 of this report for the reasons set out above.



Date: 3 September 2015

Corporate Director of Housing and Adult Social Services

Report Author: Stuart Fuller
Tel: 020 7527 2387
Email: Stuart.fuller@islington.gov.uk