

**Key Decision Report of the Corporate Director of Resources**

<b>Officer Key Decision</b>	<b>Date: 1<sup>st</sup> November 2018</b>	<b>Ward(s): All</b>
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**SUBJECT: Procurement Strategy for Corporate Removals and Storage****1. Synopsis**

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of Corporate Removals and Storage in accordance with Rule 2.7 of the Council's Procurement Rules.
- 1.2 To provide an efficient council-wide removals and storage service to residents, and for non-housing removal and storage requirements.

**2. Recommendations**

- 2.1 To approve the procurement strategy for Corporate Removals and Storage as outlined in this report.
- 2.2 To ensure a continuation of these services, one of which provides a statutory service to our residents.

**3. Date the decision is to be taken:**

16 November 2018

**4. Background**

#### 4.1 Nature of the service

These services provide for office removals and domestic removals and on-going storage for circumstances including, but not exclusively: evictions; vulnerable residents in crisis situations; and property decants for major works.

Various council-wide requirements exist for office removals/porterage and residential removal and storage services. To address this a decision was taken to extend/align our existing contract dates and consider a more collaborative approach to our future procurement of these services. It is proposed to combine the following contracts into a corporate framework agreement, consisting of two Lots, which were previously procured as separate entities:

- Lot 1: Domestic removals and storage (Homes and Communities and Housing Needs) The council has power to procure removals and storage services in relation to residential dwellings under the general powers of management for residential dwellings set out in section 21 of the Housing Act 1985. Such services may be required for domestic/residential items which come into the possession of the council following evictions or relocation, and for various other identified needs (such as homelessness, overcrowding, under-occupancy and crisis situations). A continuous service must be maintained in order for the council to carry out its functions properly.
- Lot 2: Office removals and storage (Financial Operations - Facilities): council run office sites need to have porterage, clearance and disposals carried by experienced and competent personnel to ensure the requirement will be organised and carried out with a methodical approach. We need to ensure a new agreement is put in place to ensure we maintain continuity of access to suppliers for site relocations and other site related projects.

The commissioning managers in Housing and Resources have worked closely with Strategic Procurement on the methodology of creating a new framework agreement that captures all related spend across the council, and incorporates identified requirements from other departments that use removal services that are currently outside either current contractual arrangement.

#### 4.2 Estimated Value

The value of the services that may be awarded by Islington Council under the framework agreement is estimated at between £0 and £1,500,000 over the forty-eight (48) month period. However, no guarantee is given towards volume or value of work awarded to any supplier in either Lot.

##### Lot 1: estimated £203k per annum

Under the existing contract for domestic removals and storage the values have fluctuated considerably from year to year. Based on the last five years' expenditure an approximate value of £105,350 per annum is anticipated, however, as above no guarantee is given toward value of work as it is dependent on actual demand. An additional estimated spend of £97,000 (average over 24-month period) per annum has been uncovered, which is not currently covered by compliant contract arrangements. This is contributed from the Discretionary Housing Payment fund managed by Customer Services in the Resources Department; and accessed only through the Resident Support Scheme, by application from residents for funds for the purpose of removals. There are no additional costs envisaged in Lot 1 as a result of this joint procurement exercise; current contract arrangements are funded by the Housing Revenue Accounts (HRA) and the general fund. Spend via the Resident Support Service is funded by central government local welfare funding.

Lot 2: estimated £162k per annum.

Non-Housing removals are funded by existing budgets on interdepartmental moves within a site or relocation to another building. Larger accommodation projects which entail a program of moves across the borough might be subject to a specific budgeted project. Over the last two years, the combined spending has been £169,751.21 (2016-2017) and £152,926.60 (2017-2018). Future spending in Lot 2 could be dependent on future accommodation projects where the council is seeking to reduce its estate which will entail decanting sites. There could also be additional works if Islington were to use some of sites for more commercial purposes where the property services project team could use suppliers in a potential decant for refurbishment works.

- 4.3 Current contractual arrangements with existing suppliers in both areas expire at the end of November 2018. However, until the framework agreement is in place contract arrangements with the current contractor for domestic removals will be extended by mutual agreement, potentially until the end of March 2019. Contractors for non-domestic removals and storage will be engaged in the interim as necessary via a competitive quotation process. Commissioners have consulted with Finance, Legal and Strategic Procurement on the proposals, and have proposed to advertise the opportunity in late 2018/early 2019, with a view to having the framework agreement fully in place by April 2019.
- 4.4 Separate contracts were deliberated by the internal service leads, however an agreement was reached that a joint framework agreement would be favourable for the organisation, particularly as we are unable to guarantee the value and volumes of any future orders. Both services have written specifications for their requirements, citing what is needed and how it should be done. Collaboration with other boroughs, such as Camden, was briefly investigated but we found that their contract expiries could not realistically be aligned with Islington's requirements.

The framework agreement will be advertised in two Lots as above, with one principal supplier anticipated to be appointed to Lot 1 (domestic removals and storage), with potentially two other suppliers named who would only be used in the event of the principal supplier being unable to fulfil a job request. A maximum of three suppliers will be appointed to Lot 2 (office removals and storage); they will be expected to be invited to bid ("mini-competition") for jobs, based upon specified requirements.

A benefit to the council will come in the form of alignment of a number of removals requirements in one compliant corporate framework agreement in order to provide an efficient council-wide service. It will offer teams clear and legally compliant access to suppliers who have undergone the full procurement process and have validated credentials to carry out the requirement.

#### 4.5 Key Considerations

Our procurement has been devised to incorporate a proportionate split of quality and cost; and opens the possibility of small and medium size organisations (SME)/local business involvement, thereby adding social value.

We expect suppliers appointed to this framework agreement to accredit as a London Living wage employer in the event of the supplier being London based and to do so within the first year of the contract.

We expect an evidenced policy commitment to a sustainable transport policy, underlining the use of low or no emissions vehicles.

We expect an evidenced policy commitment to reduction of waste generated by the service.

We expect the existence or creation of a policy that shows a commitment to establish and develop more sustainable supply chains.

The framework agreement and associated specifications contain appropriate weighting with regard to the importance of cost and efficiency.

Economic, social and environmental issues will be addressed in the tender documents, and bidders will be asked to outline their approach to (not exclusively): developing employment skills and tackling worklessness; local community relationships, partnerships and people from hard to reach groups; and environmental considerations.

We would expect our suppliers, wherever feasible and whenever vacancies arise to engage Islington residents, delivered in partnership with LBI's iwork Employment Service.

Due diligence will be carried out with regard to TUPE regulations.

#### 4.6 Evaluation:

This tender will be conducted in two stages, known as the Restricted Procedure as the tender is 'restricted' to a limited number of organisations. The first stage is Selection Criteria through a Selection Questionnaire (SQ) which establishes whether an organisation meets the financial requirements, is competent and capable and has the necessary resources to carry out the contract. The SQ 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 SQ requirements as specified in the advertisement are then invited to tender (ITT). The second stage is the ITT which is forwards-looking using Award Criteria. Tenders are evaluated on the basis of the tenderers' price and ability to deliver the contract works or services as set out in the award criteria in order to determine the most economically advantageous offer.

The award criteria will be 40% quality & 60% price. The weightings for quality will be as follows:

- Proposed approach to communications and customer relations (10%)
- Proposed approach to health and safety (5%)
- Proposed approach to demonstrate social value in the delivery of this contract to improve economic and social well-being (10%)
- Proposed approach to the management of removals, storage and collection (15%)  
*[NB The method statement questions related to this award criterion will be "Lot-specific", and will be evaluated accordingly]*

#### 4.7 Business Risks

Failure to have an agreement in place could result in departments not having the support mechanism to deliver removals and storage services for tenants and council. There is also a risk that planning for future accommodation projects would be curtailed in the absence of contractual spend and performance monitoring reviews. Opportunities arise in the form of an agreement that can be managed by both housing and non-housing services, where efficiencies in performance would be sought throughout the contract lifecycle. There would also be the benefit of establishing strong relationships with suppliers to support in the delivery of our services.

#### 4.8 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 complete an 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.

- 4.9 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.8 of the Procurement Rules:

<b>Relevant information</b>	<b>Information/section in report</b>
1 Nature of the service	A framework agreement, containing two Lots, for Islington's domestic and office removals and storage  See Paragraph 4.1
2 Estimated value	The framework agreement has an estimated potential value of between £0 and £1.5 million. However, no guarantee is given towards volume or value of work awarded to any supplier in either Lot.  See Paragraph 4.2
3 Timetable	Advert – proposed to publish in late 2018, date tbc Shortlisting – two weeks Invitations to Tender – Jan/Feb 2019 Evaluation – two weeks Award report/key decision call-in – by April 2019  See paragraph 4.3
4 Options appraisal for tender procedure including consideration of collaboration opportunities	Restricted tender to limit the number of organisations which will consist of SQ and ITT.  See paragraph 4.4
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	Key considerations, including social, LLW and TUPE listed above  See paragraph 4.5
6 Evaluation criteria	There will be a split of 40% quality and 60% pricing  See paragraph 4.6
7 Any business risks associated with entering the contract	Failure to have an agreement in place could result in departments not having the support mechanism to deliver removals and storage services for tenants and council.

	See paragraph 4.7
8 Any other relevant financial, legal or other considerations.	n/a

## 5. Implications

### 5.1 Financial implications

1. Lot 1 is funded by HRA, General Fund and the Discretionary Housing Payment Fund respectively.

HRA: The HRA element of LOT1 is funded by the Area Housing Office General Fees and Services budget in Homes and Communities. The current budget allocation is £75k for 18/19. It is anticipated that the current budget provision will continue to be available in the foreseeable future. Therefore, the contract will not create a budget pressure for the Council from a HRA perspective.

General Fund:

Housing Needs has a statutory duty and grant provided project for removals and storage. The costs to the Housing Needs department are small. For the statutory duty this is £26k net (FY 17/18). For the Mutual Exchange grant project this is £13k (removals only). This expenditure is fully provided for in the budget.

Any new procurement decision should aim to maintain the most cost effective plan for the Housing General Fund. An increase in weekly storage could increase costs over several financial years.

The Homeless Reduction Act 2017 may increase demand for storage and removals. Any procurement decision should consider the capacity of the organisation to meet enlarged demands, otherwise it could increase costs with expensive ad hoc providers.

A variety of providers for removals and storage are currently used by the Housing Needs department due to the unique nature of some of the cases. A provider that cannot react or adapt to the needs of the department, may result in more expensive specialist providers being utilised.

In regard to domestic removal and storage, the contribution from Discretionary Housing Budget on average had been around £98k in the last two years and going forward it is anticipated similar amounts of fund will be made available to cover the costs incurred by council for the purpose of supporting scheme that falls under Lot 1 Category.

2. Lot 2, non-housing removal, is funded through general fund budget across the council, however Facilities as well as Corporate Real Estate units are significant users of this service and both of these units forms part of Resources Department. Each department has set aside specific non housing removal budget to cover the costs associated in connection with routine relocation of building as well as those incurred through commercial accommodation project. Thus cost in medium terms is also dependent upon on the level of accommodation project taken up during a financial year and may likely to be slightly higher than average however in

such cases budget arrangements will be in place to cover any fluctuations in costs thus minimising the level of financial risks to the council.

## **5.2 Legal Implications**

The council has power to procure removals and storage services in relation to residential dwellings under the general powers of management for residential dwellings set out in section 21 of the Housing Act 1985. The council has power to procure office removals and storage services under section 111 of the Local Government Act 1972 which enables the council to carry out any activity that is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The council may enter into contracts for such services under section 1 of the Local Government (Contracts) Act 1997.

Contracts for removals and storage are service contracts for purposes of the Public Contracts Regulations 2015 (the Regulations). The threshold for application of the Regulations to service contracts is currently £181,302,000. The value of the proposed contracts is above this threshold. The council's Procurement Rules require contracts over the value of £181,302,000 to be subject to competitive tender. In compliance with the requirements of the Regulations and the council's Procurement Rules the proposal outlined in the report is to advertise a call for competition in the Official Journal of the European Union (OJEU) and procure the service using a competitive tender process. On completion of the procurement contracts may be awarded to the highest scoring tenderers subject to the tenders providing value for money for the council.

## **5.3 Environmental Implications**

Environmental implications and mitigation measures were submitted to Islington Council Energy Services in October 2018.

## **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.

No equalities or safeguarding risks were identified in the RIA submitted to Islington Council Equalities team in October 2018.

## **6. Reasons for the decision: (summary)**

### **6.1 To ensure a continuation of essential removals and storage services, one of which provides a statutory service to our residents.**

To create a compliant corporate framework agreement in order to provide departments across Islington Council with legally compliant access to suppliers who have undergone the full procurement process and have validated credentials to carry out the requirement.

## **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.

**Signed by:**

Nicki Beardmore  
Corporate Director of Resources

Date

**Appendices**

- n/a

**Background papers:**

- n/a

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