



Key Decision Report of the Director of Financial Management (Section 151 Officer)

Officer Key Decision	Date: 21 March 2019	Ward(s): All
-----------------------------	----------------------------	---------------------

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

SUBJECT: Establishment of a framework agreement and contract award for Corporate Removals and Storage

1. Synopsis

- 1.1 This report is respect of the establishment of a framework agreement for removals and storage with the council's Procurement rule 30.1
- 1.2 To put in place an agreement to maintain council-wide removals and storage services for residents and non-housing removal and storage requirements.

2. Recommendations

- 2.1 To approve the establishment of a framework agreement for removals and storage as outlined in this report.
- 2.2 To approve the award of contracts as follows:

Lot 1: Crown Promotions and Removals Ltd and JA Steel & Sons

Lot 2: Crown Promotions and Removals Ltd, Harridines Removals Ltd and Edes UK Ltd.

3. Date the decision is to be taken: 1st April 2019

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 have existed for office removals/porterage and residential removal and storage services. Therefore, in order to address this requirement for the council it was decided Housing and Resources work together to create a new 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. This framework agreement will ensure we maintain continuity of access to suppliers for site relocations and other site related projects.

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

4.2 Estimated Value

The value of the services 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 previous contract for domestic removals and storage the values had fluctuated considerably from year to year. Based on the last five years' expenditure an approximate value of £105,350 per annum was spent on the contractual agreement, however, as £97,000 was being spent outside an agreement, this will now be aligned with the Lot 1 area of the framework. The additional £97,000 will be covered by 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 will be 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 will be 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 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 wrote 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 due to contractual expiry dates this could not realistically be aligned with Islington's requirements.

The framework agreement was advertised in two Lots as above, with one principal supplier to be appointed to Lot 1 (domestic removals and storage), and one other supplier who would only be used in the event of the principal supplier being unable to fulfil a job request. A maximum of three suppliers are 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 from services.

4.4 Key Considerations

There were 16 applicants, in which 15 had identified as a small to medium enterprise (SME). Under the lot 1 area, 11 suppliers identified as SME with 2 successful submissions and 9 which were not. Within the lot 2 area, 13 applicants identified as SME whilst 1 did not at the application stage. 3 SME applicants were successful, 10 suppliers identifying as SME were not successful and the supplier who did not identify as SME was also unsuccessful.

Applicants were asked if they currently paid the London Living wage within the provision of the services in the London Living Wage section of the ITT. This was followed up with a further question around whether they would be prepared to pay London Living wage if they were to be awarded the Islington contract.

Suppliers were required to provide an evidenced commitment to the environment and sustainability within the method statement under question 1.4

The approach of suppliers to area of economic and social well-being were addressed in the method statement under question 1.4 where bidders were 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. This also covered looking the feasibility of engaging local residents for possible vacancies and working in partnership with LBI's iWork Employment Service.

Due diligence was carried out with regard to TUPE regulations.

4.5 Evaluation:

This contract was advertised using the Open Procedure. The Open Procedure means that all bidders who successfully expressed an interest were automatically invited to tender and had access to the tender documents. Those who submitted a tender and met the minimum requirements had their full tender, method statements and pricing evaluated. The tenders were 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.

A total of 16 tenders from suppliers for the overall framework was received, below is a breakdown in the relevant Lots they pertained to:

- The number of suppliers submitting for Lot 1 specifically was 2
- The number of suppliers submitting for Lot 2 specifically was 5
- The number of suppliers submitting for both lots 1 & 2 was 9

The award criteria was 40% quality & 60% price for each Lot.

Lot 1 Specific evaluation

- Your methods relating to inventories to protect our client's goods and your reputation.
- Your proposed methods for removals, storage, retrievals and disposals.
- Your approach to dispute resolution when things go wrong with regard to any alleged damage and or/ loss of goods from clients.
- Your IT processes and how they will support the management of the above processes
- Performance deadlines for responding to complaints, telephone calls and general customer enquiries and any worked data to support these standards
- Ensuring that staff have appropriate customer care training.
- Details of any resources that will be dedicated to/ allocated to this contract to manage the relationship with our clients, and with Islington Council directly.
- Your proposed approach to community relations, noting that Islington serves a diverse community.
- Supporting the council in pre-employment events
- Participation in career mentoring
- Your commitment to paying London Living Wage
- Commitment to sustainable/low emission transport
- Sustainable recycling of waste
- How you will maintain a professional, competent workforce.
- What relevant health & safety training will be provided to your staff.
- How you will work with vulnerable people.
- How you will manage others working on your behalf.
- How you will meet national occupational standards.

There were 11 tender submissions in total for Lot 1 which had to be evaluated. 3 of the 11 suppliers passed both the suitability and method statement questions and were scored and weighted financially for lot 1.

The top scoring submission was for Crown Promotions and Removals Ltd scoring a combined score of 93%. This supplier will be awarded "Lot 1 principal supplier"

The second highest scoring submission was for JA Steel & Sons with a combined score of 81%. This supplier will be awarded "Lot 1 secondary supplier"

Lot 2 specific evaluation

- Initiation planning works with the client/site manager.

- The controls in place to maintain operational transparency between parties during the beginning, middle and end of services.
- Accommodating temporary storage requests within the services process – while fulfilling the client’s protocols to ensure any item/s are properly stored.
- Sign off processes for handover of services – this should include completed relocation works, handing back of crates and items temporarily placed in storage.
- Performance deadlines for responding to complaints, telephone calls and general customer enquiries and any worked data to support these standards
- Ensuring that staff have appropriate customer care training.
- Details of any resources that will be dedicated to/ allocated to this contract to manage the relationship with our clients, and with Islington Council directly.
- Your proposed approach to community relations, noting that Islington serves a diverse community
- Supporting the council in pre-employment events
- Participation in career mentoring
- Your commitment to paying London Living Wage
- Commitment to sustainable/low emission transport
- Sustainable recycling of waste
- How you will maintain a professional, competent workforce.
- What relevant health & safety training will be provided to your staff.
- How you will work with vulnerable people.
- How you will manage others working on your behalf.
- How you will meet national occupational standards.

There were 14 tender submissions in total for Lot 2 which had to be evaluated. 6 out of the 14 suppliers passed both the suitability and method statement questions and were scored and weighted financially for Lot 2.

Two of the suppliers in the final six did not provide the minimum requirement costs on the first item on the pricing schedule and therefore, their submission evaluation ended.

The remaining four suppliers on the pricing round were evaluated.

Successful suppliers were Crown Promotions with a score of 92%, Harridines with a score of 83% and Edes with a score of 76%.

4.6 Business Risks

Failure to have an agreement in place will 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 could 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. We will establish strong relationships with suppliers to support in the delivery of our services, and key performance indicators to measure their performance.

4.7 The procurement exercise was carried in accordance to the Employment Relations Act 1999 (Blacklist) Regulations 2010 which explicitly prohibits 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 are 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.

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

Relevant information	Information/section in report
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	Letters for the successful and unsuccessful applicants will be sent out after the three day call-in for the award key decision. The date of the contract signing will be on or after 4 April 2019 and mobilisation will take place after that in liaison with legal.
4 Options appraisal for tender procedure including consideration of collaboration opportunities	See paragraph 4.3
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	See paragraph 4.4
6 Evaluation	See paragraph 4.5
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 4.6
8 Any other relevant financial, legal or other considerations.	n/a

5. Implications

5.1 Financial implications

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

HRA: The HRA element of LOT1 will be 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 the 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 buildings as well as those incurred through commercial accommodation projects. Therefore, costs in medium terms is also dependent upon on the level of accommodation projects which are 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 principles underpinning the Regulations and the council's Procurement Rules a competitive tendering procedure with advertisement has been used.

Bids were subject to evaluation in accordance with the tender evaluation model and the highest scoring tenderers were as follows:

Lot 1: Crown Promotions and Removals Ltd and JA Steel & Sons

Lot 2: Crown Promotions and Removals Ltd, Harridines Removals Ltd and Edes UK Ltd.

Therefore contracts may be awarded to these service providers as recommended in the report. In deciding whether to award the contract to the recommended service providers the Director of Financial Mangement should be satisfied as to the competence of the suppliers to provide the services and that the tender prices represent value for money for the Council. In considering the recommendations in this report the Director of Financial Mangement must take into account the information contained in the exempt appendix to the report.

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:

- 6.1 The decision to establish this framework agreement will ensure a continuation of essential removals and storage services, one of which provides a statutory service to our residents and a vital area in the delivery of services provided by Housing. An award will also maintain continuity of service for the Resources department where it will play a key role in projects where the council reviews the coordination of services within the borough with a view to noted

relocations. This extends to the support around council wide projects as led by the Property services team as the council seeks to maximise the opportunities around its property portfolio.

Putting a compliant corporate framework agreement in place provides departments across Islington Council with access to legally compliant suppliers who have undergone the full procurement process and have validated credentials to carry out the requirement, ending the previous fragmentation of spend in this category.

The new framework will be underpinned by contract management by the responsible officers in Housing and Resources whereby council departments/project managers can approach them to ensure they maximise the benefits of the opportunity the new agreement. There will also be the opportunity for council services on the non-housing side to fully utilise the mini competition element between the three suppliers on the lot 2 framework to gain value for money efficiencies.

This presents an opportunity to establish strong relationships with suppliers who can not only aid the council in the delivery of its services and accommodation projects, but it also provides access to suppliers who can support the authority on its aims around Social value such as providing opportunities for possible apprenticeships and jobs for members of the local community.

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:

Director of Financial Management (Section 151 Officer) Date

Appendices: Exempt appendix – evaluation process.

Background papers: None

Report Author: Mike James
Tel: 020 7527 6805
Email: mike.james@islington.gov.uk

Financial Implications Author: Ricky Chan/Tom Cooksey
Tel: 020 7527 6940 / 020 7527 1867
Email: Chi.Chan@islington.gov.uk / Thomas.Cooksey@islington.gov.uk

Legal Implications Author: Ramani Chelliah
Tel: 020 7527 3084
Email: Ramani.Chelliah@islington.gov.uk