

Key Decision Report of Corporate Director of Housing

Officer Key Decision	Date: 30 April 2019	Wards: All
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Delete as appropriate	Exempt	Non-exempt
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SUBJECT: Procurement Strategy for the Supply and Installation of Scaffolding for Housing Repairs**1. Synopsis**

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of the Supply and Installation of Scaffolding for Housing Repairs in accordance with Rule 2.7 of the Council's Procurement Rules.
- 1.2 This contract is for the supply and installation of scaffolding to external property areas and communal areas.

In order for the Housing Repairs Team to carry out essential repairs such as roofing work, guttering repairs and high-level window repairs.

2. Recommendation

- 2.1 To approve the procurement strategy for the Supply and Installation of Scaffolding for Housing Repairs, as outlined in this report.

3. Date the decision is to be taken

30 April 2019.

4. Background

- 4.1 The council is intending to procure one contractor to supply and install scaffolding for housing repairs, covering the whole borough.

The council provides responsive repairs services to approximately 29,000 properties. This contract will provide scaffolding in order to facilitate the Housing Repairs Teams to undertake essential repairs such as roofing repairs, guttering repairs and high level window repairs that require external repair. This contract is for the replacement of an existing contract that is coming to an end.

- 4.2 The estimated aggregate value of this contract is £1,800,000 (£450,000 per annum), based on a contract term of 48 months in total, with an initial term of 24 months followed by two possible extensions of up to 12 months each in (24 + 12 + 12 months). This value is based on historical scaffolding supply and erection data and expenditure. In addition, these values factor in the planned return of Private Finance Initiative (PFI) properties to the Council anticipated to be in 2022. There are no guaranteed volumes of work, as the work is demand led for a reactive service.

This contract will be funded from an existing allocated budget, which is funded from the Housing Revenue Account (HRA). Leaseholders will be recharged where applicable.

- 4.3 The council intends to advertise the open tender in July 2019, with an estimated contract award in November 2019. The contract start will be in January 2020.

As a landlord, the council is obliged to consult with all leaseholders who are affected by the works (Landlord and Tenant Act 1985 and the Consultation Regulations). This consultation will allow the council to recover relevant service charges from leaseholders. A two stage "Section 20" consultation will take place with leaseholders as part of this procurement. The first consultation (notice of intention) will take place upon approval of this procurement strategy and the second consultation will take place at award stage (notification of proposal) within the procurement process.

- 4.4 As part of this procurement strategy four options were considered;

- Insourcing
- Using an external framework
- A collaborative procurement process with a neighbouring borough(s)
- A procurement process solely for Islington.

Insourcing scaffolding at this time would not be feasible. Significant storage would be required for the materials such as scaffold poles, due to the volume of use, as well as the expense involved with scaffolding materials. Specialist Health and Safety training with certification would be required. The acquisition of scaffolding lorries would be expensive, which again would require storage and staff would need to have Heavy Goods Vehicle (HGV) licenses and be able to work within a scaffolding gang.

An external framework was an option and would have been the quickest route to market, however the existing frameworks Islington are members of, do not have scaffolding only frameworks and S20 consultation would present difficulties with this option.

Collaboration with neighbouring authorities is not an option at present, as neighbouring local authorities service delivery models are different to Islington's, such as Homes for Haringey being an Arm's Length Management Organisation (ALMO) and Camden has a service delivery model that significantly differs from Islington's. The differences in the service delivery including time scales for delivering repairs, how the repairs are managed and the IT systems used for repair delivery, would be an extensive project to undertake and require significant funding and time.

The proposed option is to procure using a competitive tender process solely for Islington, as this can deliver the best value overall whilst meeting the service needs. The contract pricing, specification and terms and conditions can be tailored specifically for Islington's requirements. One contractor will be procured for the whole contract, using the Open Procedure. The evaluation process and award criteria are explained in greater detail in section 4.6.

- 4.5 There will be key social value clauses within the contract terms including work experience placements, job shadowing and training opportunities. The Housing Repairs Team is currently working with the council's IWork team to explore ways contractors may be able to deliver additional social value, aimed at improving job opportunities for local residents, especially those who are disadvantaged in the labour market.

Contractors will be requested to contribute to the in-house repairs training programmes for residents by donating tools and equipment and/or providing appropriately skilled staff to assist with delivery of the training.

London Living Wage will be included as a condition of these contracts where there is no cross border interest. However, the current market pays above London Living Wage for Scaffolding Labourers.

Staff from the existing contractor delivering this contract will be subject to TUPE regulations as part of this procurement.

- 4.6 The tendering will be in one stage, known as the Open Procedure, as the tender is 'open' to all organisations who express an interest. The Open Procedure includes minimum requirements which organisations must meet before the rest of their tender is evaluated.

The contract will be awarded to the Most Economically Advantageous Tender (MEAT) and the award criteria will be set at 60% cost and 40% quality. This will enable Islington to acquire a contractor that delivers best value overall.

The cost criteria will consist of Bespoke Schedule of Rates (SORs) where bidders will submit prices against individual items.

The quality criteria will consist of:

- Proposed approach to managing the delivery the services, meeting work volumes and having the necessary resources to deliver the contract 10%
- Proposed approach to cost and quality to ensure quality standards are met and value for money is achieved 10%
- Proposed approach to customer services, equality and social value including communication with the client and residents to enable access for works and reducing carbon footprint and environmental impact 10%

- Proposed approach Health and Safety in the working environment and ensuring staff training is maintained in keeping with current legislation 10%

4.7 Islington Council have a duty to keep roofs in good condition, as part of The Secure Tenants of Local Housing Authorities (Right-to-Repair) Regulations 1994. Failure to do this, due to a break in delivering the service, would result in the council not complying with the regulations and potentially liable to pay compensation.

Residents are reliant on the council to deliver repairs to keep their homes in a good state of repair. Failure by the council to meet its repair obligations could impact adversely on residents, particularly due to the health and safety implications of the nature of the work involved, and this also carries a reputational risk for the council. Leaseholders pay service charges for relevant repairs and expect that they will be carried out effectively. These risks can be mitigated by ensuring this contract is procured within the given timescales to enable the in-house Repairs Team to deliver the necessary service.

There is a risk the contractors cannot meet volumes of work. This risk is managed by clear requirements set out within the specification and rigorous assessment at ITT stage.

The key risks associated with this procurement are:

Risk	Likelihood	Impact	Priority	Mitigation
Procurement is unsuccessful with no suitable supplier tendering or being identified	Low	High	Medium	Interim emergency measures will be sought and plans to re-procure put in place
The successful tenderer pulls out of the contract prior to start of the contract	Low	High	Medium	Interim emergency measures will be sought and plans to re-procure put in place
Delays to the procurement process result in limited mobilisation time for new supplier/s	Medium	High	Medium	A project plan is in place and the Project Procurement team need to ensure agreed key milestones are met.

The opportunities identified are:

- Tenants and Leaseholders are more likely to receive a seamless service and value for money with a procurement timetable planned in advance.

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 in accordance with rule 2.8 of the Procurement Rules:

Relevant information	Information/section in report
1 Nature of the service	This contract is for the supply and installation of scaffolding to external property areas and communal areas. See paragraph 4.1
2 Estimated value	The estimated value per year is £450,000. The agreement is proposed to run for a period of 24 months, with an optional extension of two periods of up to 12 months each. See paragraph 4.2
3 Timetable	ITT – July 2019 Contract Award – November 2019 Contract Start – January 2020 See paragraph 4.3
4 Options appraisal for tender procedure including consideration of collaboration opportunities	A competitive tender process has been selected. See paragraph 4.4
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	London Living Wage and social value clauses will be included as part of the contract terms. TUPE will apply. See paragraph 4.5
6 Award criteria	Award criteria cost 60% and quality 40%. The award criteria price/quality breakdown is more particularly described within the report. See paragraph 4.6
7 Any business risks associated with entering the contract	See paragraph 4.7
8 Any other relevant financial, legal or other considerations.	See paragraph 4.8

5. Implications

5.1 Financial implications

The Supply and Installation of Scaffolding for Housing Repairs is funded by the Council's Housing Repairs Budget (£32.93m in 2019/20) of which £3.52m is allocated to fund subcontractors spend.

It is anticipated that the current budget provision will continue to be available for the foreseeable future. The cost for the contract will therefore be contained within the current and future years' budget provisions without causing additional pressure to the Council.

5.2 **Legal Implications**

The council is responsible for undertaking the repair, maintenance and improvement of its housing properties and installations therein (Part 2 of the Housing Act 1985 and section 111 of the Local Government Act 1972). The Council has power to enter into contracts with suppliers of scaffolding services under section 1 of the Local Government (Contracts) Act 1997.

The proposed contract is a contract for scaffolding supply and installation works which is classified as a 'works' contract for purposes of the Public Contracts Regulations 2015 (the Regulations). The total estimated value of the contract is £1,800,000. The threshold for application of the Regulations is currently £4,551,413 for works contracts. Contracts below this threshold need to be procured in compliance with the principles of equal treatment, non-discrimination and transparency underpinning the Regulations. The council's Procurement Rules also require works contracts over the value of £1,000,000 to be subject to a formal competitive tender process. The proposed procurement strategy, to advertise a call for competition and procure the contract using a competitive tender process, is in compliance with the principles underpinning the Regulations and the council's Procurement Rules.

On completion of the procurement process the contract may be awarded to the highest scoring tenderer subject to the tender providing value for money for the council.

The contract is for a period 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).

5.3 **Environmental Implications**

Environmental implications from this contract include CO2 emissions, congestion from vehicle use, as well as disturbance to habitat for wildlife.

The contractor should optimise travel routes to minimise number of journeys taken and be encouraged to use low or zero emission vehicles where possible. Where there is likely to be disturbance to habitat, particularly bird nesting space, an alternative scaffolding design plan will be considered and the Energy Services Team Nature Conservation Team consulted for advice and guidance. Noise pollution from scaffolding works must also be considered particularly as affecting tenants and leaseholders in properties where scaffolding is being erected. Contractors will be required to work within agreed hours and consider noise arising from works to minimise the impact of noise pollution.

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 Resident Impact Assessment was completed on 27 March 2019 and the summary is included below. The complete Resident Impact Assessment is attached as Appendix 1.

This procurement will not have any negative impact on any persons within the protected characteristics groups. Diversity and equality are considered during the procurement process. Potential service providers will be asked a scored question during the procurement process about how they assess and manage scaffolding works for customers with any of the equalities characteristics. It is a contractual requirement for service providers to work to Islington Council's policies and procedures, where equality, diversity and an accessible service for all is factored into service delivery procedures.

6. Reasons for the decision: (summary)

6.1 The Council has a duty to keep roof space in good working order and air tight. The procurement of a new contract is required to ensure continuous provision of scaffolding installation, to enable the in-house repairs team to carry out necessary repairs.

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:

Corporate Director of Housing

Date:

Appendices

Appendix 1 - Resident Impact Assessment

Background papers: None

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