

Report of the Executive Member for Housing and Development

Executive	Date: 20 June 2019	Ward(s): All
------------------	---------------------------	---------------------

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


SUBJECT: Procurement Strategy for Roofing Repair Works (with Provision for Scaffolding)**1. Synopsis**

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of Roofing Repair Works (with Provision for Scaffolding) in accordance with Rule 2.7 of the Council's Procurement Rules.
- 1.2 This strategy is for the delivery of roofing repair works, including scaffolding where needed. It will include day-to-day, emergency and routine repairs and improvements to residential buildings and estates, including communal areas and facilities.

2. Recommendations

- 2.1 To approve the procurement strategy for Roofing Repair Works (with Provision for Scaffolding) as outlined in this report.
- 2.2 To delegate authority to award the contracts to the Corporate Director of Housing following consultation with the Executive Member for Housing and Development.

3. Background

- 3.1 The council is intending to procure two contractors to deliver roofing repair works (with provision for scaffolding), including emergency work, to Islington Council's residential properties including communal areas.

The council provides a responsive repairs service to approximately 29,000 properties. This contract provides additional roofing support to the in-house Housing Repairs Service during busier 'peak' times. There is a continuing need for some additional support, as the service is demand led.

The contract will cover roofing repairs to residential properties and estates, including communal areas and facilities. The successful contractors will also be expected to supply and install scaffolding to facilitate the delivery of repairs. The contractors will rotate every six months between the north and south areas of the borough, in order for leaseholders to have the opportunity to get equitable pricing. The current contract ends on 8 November 2019.

- 3.2 The estimated aggregate value of this contract is £2,300,000.00 (£575,000.00 per annum), based on a contract term of 48 months in total (24 + 12 + 12 months). This value is estimated based on historical spend and roofing repairs data. A review of expenditure has shown an increased spend in this area of work and this is reflected in the new contract value and budget spend. In addition, these values factor in the planned return of Private Finance Initiative (PFI) properties to the Council anticipated to be in 2022. However, the value of other supporting contracts has decreased and so this can be accommodated within overall budgets. There are no guaranteed volumes of work, as the work is demand led.

This contract will be funded from the Housing Revenue Account (HRA). Leaseholders will be re-charged where applicable.

3.3 Timetable

The council intends to advertise the Open tender in August 2019, with an estimated contract award in December 2019. The contract start will be 1 February 2019.

As the 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 mean that the council will be able 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 prior to the contract opportunity being advertised, the second consultation will take place at award stage (notification of proposal).

- 3.4 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 would not be practical, as the in-house repairs team needs a back-up resource to deal with fluctuations in varying workloads.

Using an external framework would have been the quickest route to market, however S20 consultation would present difficulties with this option, also the external frameworks looked at did not fully cover our scope of requirements.

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 service delivery including timescales for delivering repairs, how repairs are managed and the IT system used for repair delivery would be a wide-ranging project to carry out and would require considerable funding and time.

The preferred option is to procure through a competitive tender process using the Open Procedure, as this can deliver the best value overall whilst meeting the service needs. This process means that the pricing, specification and terms and conditions can be specifically tailored to meet Islington's needs. The council intends to appoint two contractors to ensure sufficient cover across the borough.

- 3.5 Delivering social value to Islington residents will be a contractual obligation on the selected provider. Their performance will be monitored at regular contract meetings and will be a consideration in any decision on contract extension. Social value contributions will include work experience placements, job shadowing and training opportunities for residents. A clear set of rigorous social value targets will be included in the contract specification. These will be agreed with the Council's iWork team and will focus on job opportunities for local residents, especially those who are disadvantaged in the labour market.

Contractors will also be expected to contribute to 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 the contract. However, the current market pays above London Living Wage for roofing operatives.

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

- 3.6 The procurement 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 that 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 the bidder's percentage discount/uplift against the National Housing Federation (NHF) Schedule of Rates (SORs) and the bidder's pricing based on a set of Bespoke SORs.

The quality criteria will consist of:

- Proposed approach to contract delivery including resourcing and ensuring that demand and contractual timescales are met - 10%
- Proposed approach to staying within budgets and meeting required quality standards in order to ensure value for money - 10%

- Proposed approach to customer services, equality and social value including communication with residents and the client, as well as ensuring negative environmental impacts are minimised - 10%
- Proposed approach health and safety during works, including training provided to staff and procedures for ensuring safety of the public and staff - 10%

3.7 Islington Council has a duty to provide roofing repairs, keeping roofs watertight and in a good condition as part of The Secure Tenants of Local Housing Authorities (Right-to-Repair) Regulations 1994. Failure to do this would result in the council not complying with the regulations and potentially liable to pay compensation.

Residents are reliant on the council to keep their homes in a good state of repair. Failure by the council to meet its repair obligations would impact adversely on residents, particularly due to the health and safety implications of the nature of the works involved, and cause reputational risks 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 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. The appointment of two contractors means that they will act as a back up to each other.

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:

- As this contract is designed to support the in-house team, there is an amount of flexibility depending on capacity, meaning that external spend could be reduced.
- Tenants and Leaseholders are more likely to receive a seamless service and value for money with a procurement timetable planned in advance.

3.8 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.

3.9 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 delivery of roofing repair works (including provision for scaffolding) to Islington Council residential properties and communal areas. See paragraph 4.1
2 Estimated value	The estimated value per year is £575,000. 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 – August 2019 Contract Award – December 2019 Contract Start – 1 February 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. Best value is considered as part of the specification, award criteria and delivery of the service. 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
--	-------------------

4. Implications

4.1 Financial implications:

Roofing Repairs to Housing properties is funded by the Council's Housing Repairs Budget (£32.93m in 2019/20) of which £3.52m is allocated to spend on subcontractors.

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.

4.2 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 roofing repair works under section 1 of the Local Government (Contracts) Act 1997. The Executive may provide Corporate Directors with responsibility to award contracts with a value over £2 million using revenue money and over £5 million using capital money (council's Procurement Rule 16.2).

The proposed contract is a contract for roofing repair 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 £2,300,000. 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 material use, waste generation and CO2 emissions and congestion from vehicle use, as well as disturbance to habitat for wildlife.

Where possible, the Contractor should use recycled or sustainably produced materials. They should ensure that waste materials are kept to a minimum and that waste leaving sites is reused or recycled where practicable. The Contractor will have a duty of care to ensure that any waste disposal is done legally and in alignment with the waste hierarchy.

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, the Energy Services Team Nature Conservation Team will be consulted for advice and guidance. Noise pollution from roofing works must also be considered particularly as affecting tenants and leaseholders in properties where work is being carried out. 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.

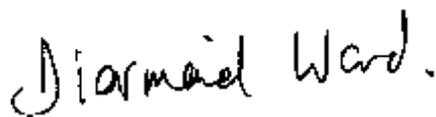
A Resident Impact Assessment was completed on 6 March 2019 and the summary is included below. The complete Resident Impact Assessment is appended.

This procurement will not have any negative impact on any persons within the protected characteristics groups. This contract will have a positive impact on vulnerable groups as it is designed to ensure that residential properties and estates are kept watertight and in a good condition. 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 roofing repairs 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.

5. Reasons for the decision:

- 5.1 Islington Council has a duty to provide roofing repairs, keeping roofs watertight and in a good condition. The procurement of a new contract is required to ensure provision of roofing repairs support for the in-house repairs team.

Signed by:



7 June 2019

Executive Member for Housing and
Development

Date

Appendices

- Resident Impact Assessment

Background papers: None.

Report Author: Liz Czarnecka
Tel: 020 7527 7325
Email: Elizabeth.Czarnecka@islington.gov.uk

Financial Implications Author: Ricky Chan
Tel: 020 7527 6940
Email: Chi.Chan@islington.gov.uk

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