

Report of: Executive Member for Housing and Development

Meeting of:	Date:	Wards:
Executive	21 st January 2021	All

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SUBJECT: Procurement Strategy for Specialist Adaptations including Installations and Repairs for Disabled Residents

1. Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of specialist adaptations including installations and repairs for disabled residents in accordance with Rule 2.7 of the Council's Procurement Rules.
- 1.2 This strategy is for the delivery of specialist adaptations including the installation of level access showers and/or wet rooms, overbath showers, kitchen modifications for accessibility and repairs to existing installations.

2. Recommendations

- 2.1 To approve the procurement strategy for Specialist Adaptations including Installations and Repairs for Disabled Residents as outlined in this report.
- 2.2 To delegate authority to award the contract to the Corporate Director of Housing in consultation with the Executive Member for Housing and Development.

3. Background

3.1 Nature of the Service

The Council is intending to procure two contractors to deliver specialist adaptations including installations and repairs for disabled residents in its tenanted properties. Historically there was only one contractor delivering adaptation installations and repairs. However, given the high profile nature of the work involved, the duration of some of the works, the current market

volatility and the return of the Private Finance Initiative (PFI2) properties, it is deemed most feasible to have two contractors. Benchmarking was also undertaken with five other local authorities and best practice demonstrated having two contractors within this area of work. This will ensure continuity of the service for vulnerable tenants, adequate management of work volumes and a high level of service delivery.

Previously safety works were being delivered by the contractor, however upon review it was considered that safety works can be insourced, in order to ensure that as many services as possible are carried out in-house where practicable. Going forward all safety works will be delivered by the in-house repairs team as this is not considered specialist works, the bulk of the works being carpentry. Safety works are predominantly carried out to ensure that properties are made as safe as possible to prevent climbing that could pose a risk to life, particularly for young children with special needs. Works include the installation of lockable window restrictors, bannister to ceiling height spindles and high level fences with anti-climb rollers.

The Council has a tenanted housing stock of approximately 25,000. Tenants or household members may have disabilities that require their home to have adaptations carried out in order to maintain independent living or allow carers to provide caring duties within the home. In addition, repairs are carried out to existing installations where required.

The Occupational Therapy Team within the People Directorate assess residents' needs and make recommendations for any adaptations following referrals to their team. These recommendations are then submitted to the Adaptations Team within the Repairs service, who will attend the property to survey how the recommended adaptations can be implemented. Following the survey a specialist scale drawing is made of the adaptations required and is allocated to the contractor to carry out the works.

Adaptation installations and repairs will be evenly split between the two contractors on a rotational basis. For example, the first level access shower adaptation will be issued to Contractor A, the second level access shower adaptation issued to Contractor B with the cycle then repeating. A geographical split was considered, however adaptation installation referrals occur sporadically and a geographical split would not ensure an even workflow between contractors.

The Adaptations Team will manage the day to day delivery of the works with the contractors and be a point of liaison for resolving any complexities with jobs onsite. A monthly meeting will take place with the Adaptations Team, the contractors and a Contract Team representative to discuss overall performance and any matters arising. A quarterly meeting will also take place with higher level management to go through contractual matters, any escalations that could not be resolved at the monthly meeting and social value obligations.

3.2 **Estimated Value**

The estimated aggregate value of this contract is £5,800,000 (£1,450,000 per annum), based on a maximum contract term of 48 months. The initial term will be 24 months with two optional extensions of up to 12 months each. The contract value is based on historical adaptations data and the planned return of PFI2 street properties to the Council anticipated to be in April 2022.

This contract will be funded using an existing budget for adaptations from the Housing Revenue Account (HRA).

3.3 **Timetable**

The Council intends to advertise the open Invitation to Tender (ITT) in February 2021. The contract award is planned for May 2021. The contract is due to go live on 17 July 2021, as the current contract expires on 16 July 2021.

3.4 **Options appraisal**

As part of this procurement four options were considered:

- Delivering the service in-house
- A collaboration with neighbouring boroughs
- Use of an external framework
- A competitive procurement process solely for Islington

The safety works aspect of this contract, involving mainly carpentry works, has been identified as an area that can be insourced and will be delivered by the in-house repairs team going forward.

The nature of adaptations installations and repairs involves specialist training and extensive knowledge of specialist materials, construction techniques and innovative ideas in order to install something that is fit for purpose for the tenant and maximises the use of the available space. For example the duration of level access shower installations can be up to 10 working days, if there are no complications. Some of our tenants have uniquely sensitive needs, which in most cases require an exceptionally experienced contractor and a high level of customer care enabling them to feel safe and comfortable while works are ongoing. Not all disabilities are visible and an in-depth passion and knowledge of dealing with these, are paramount to ensure our service meets tenants' requirements. Due to the levels of training required, the specialist nature of the work involved, as well as the time commitment that would be needed from existing staff resources, it is not deemed feasible to bring the service in-house at this time. The Council is undertaking work to look at future opportunities, capacity and skills for insourcing these services in the future.

Several contract areas have been considered for neighbouring borough collaborations, however adaptations is not one of them. The differences in service delivery including timescales for delivering adaptation installations, the extent of adaptations works carried out, how the works are managed and the IT system used for delivery of this service, would be an extensive project to undertake and require significant funding and time. The Council is undertaking work to look at future opportunities for collaborations with neighbouring boroughs.

Using an external framework would be a quicker route to market, however none of the four external frameworks explored offered a suitable solution. One of the external frameworks offered some adaptation installation works, however this was geared towards planned refurbishment works and any wet rooms that may be included as part of bathroom refurbishments.

The proposed option is to procure through a competitive open tender process. It is envisaged there will be reasonable market interest due to the contract value and the specialist nature of the work involved. This also includes interest from specialist SME suppliers, some of which are locally based. This process allows the pricing, specification and terms and conditions to be specifically tailored to meet the Council's needs and can deliver the best value overall whilst

meeting the service needs. The Council intends to appoint two contractors for the whole contract to ensure continuity of service delivery, using the open procedure.

3.5 **Key Considerations**

Delivering social value to Islington residents will be a contractual obligation for the two successful contractors. A clear set of rigorous social value measures and targets will be included in the contract specification and social value proposals made within the tender submission will form an important element of the quality evaluation. Performance in relation to social value will be monitored at regular contract meetings and will be a consideration in any decision to award a contract extension. Social value contributions will include apprenticeships (where applicable), work experience placements, job shadowing and training opportunities for residents. These will be agreed with the Council's iWork team in conjunction with the 'The Employment Team' and will focus on job opportunities for local residents, especially those who are disadvantaged in the labour market. As this contract relates to services for disabled tenants, ensuring these groups are considered for training and work experience placements would be a positive experience and allow feedback and ideas sharing for service delivery improvements where possible. Other social value contributions such as a fixed amount of hours per set value of turnover to contribute to community projects, or financial investment in community improvements will also be considered during the procurement process.

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.

Consideration will be given to ensure contractors commit to the use of local suppliers where possible, as some materials are specialist and will form a part of the method statement questions. This will assist with increasing local economic growth, potentially allowing for local employment opportunities, lower the carbon foot print by reducing unnecessary vehicle journeys and offer overall contract efficiencies such as being able to attend site quicker and timeliness of work execution.

Environmental factors such as reducing CO2 emissions and air pollution within the borough will be considered during the procurement process. This includes the use of sustainably sourced materials and energy saving parts.

London Living Wage will be included as a condition of the contract. However the current market pays above the London Living Wage for multi skilled adaptations operatives. Contractors will need to ensure that the staff they employ have clear and fair Terms and Conditions of employment, access to Trade Unions and training opportunities. Consideration will also be given to how the bidding contractors will monitor these elements throughout their supply chain such as any sub-contractors which they intend to use for this contract.

Employees of the contractor assigned to and carrying out adaptation works under the current contract may be subject to TUPE regulations as part of this procurement.

3.6 **Evaluation**

The tender will be conducted 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 cost criteria will consist of bespoke composite Schedule of Rates codes for adaptation installations, for example a fixed price to install an over-bath shower, which will include all elements including wiring, electrical testing, plumbing and pipework, supplying and fitting the shower and tiling around the bath. Any additional specification extras will be charged according to the relevant National Housing Federation (NHF) schedule. The bidders' percentage adjustment against the National Housing Federation (NHF) Schedule of Rates (SORs) for Responsive Maintenance and Void Property Works v6.1 and Disabled Adaptation Works v7.1 will also be included within the cost criteria.

The quality criteria will consist of:

- Proposed approach to Social Value and promoting opportunities for local residents, including reducing carbon footprint (20%)
- Proposed approach to customer service and diversity (10%)
- Proposed approach to varying work volumes and priorities (10%)
- Proposed approach to health and safety (10%)
- Proposed approach to quality management (10%)
- Proposed approach to mobilisation, resourcing and service delivery (10%)

The contract will be awarded to the Most Economically Advantageous Tender (MEAT) and the award criteria will be set at 70% quality and 30% cost. The current market is volatile and the cost and quality split will ensure the Council appoints contractors that can deliver a high level of service at a sustainable price, achieving the best value overall.

3.7 Business Risks

The Council has a duty to carry out adaptations to properties in accordance with section 29 of the National Assistance Act 1948, section 2 of the Chronically Sick and Disabled Persons Act 1970 and the Care Act 2014. Tenants have a right to request reasonable adaptations as part of the Equality Act 2010. The Council is responsible for undertaking the repair, maintenance and improvement of its housing properties and installations in accordance with Part 2 of the Housing Act 1985 and section 11 of the Landlord and Tenant Act 1985. Failure to install adaptations or repair existing adaptations would mean that the council would not be complying with legislation and disabled tenants would be disadvantaged and could potentially raise a claim for discrimination. Disabled tenants have a right to adaptations in order to live an independent or assisted independent life such as being able to bathe and access facilities within their homes.

There is a risk the contractors won't be able to meet the volumes of work, as the work is demand led. This risk will be managed by appointing two contractors, meaning that they will act as a backup to each other. In addition, a clear set of requirements set out within the specification and rigorous assessment will ensure contractors are clear about the expectations of the contract.

Risk	Likelihood	Impact	Priority	Mitigation
Procurement is unsuccessful with no suitable supplier tendering or being identified	Low	High	High	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	High	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	Medium	Medium	High	A project plan is in place and the project team are to ensure agreed key milestones are met.
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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.

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	The delivery of Specialist Adaptations including Installations and Repairs for Disabled Residents. See paragraph 3.1
2 Estimated value	The estimated value per year is £1,450,000 The contract is proposed to run for a period of 24 months with two optional extensions of up to 12 months each. See paragraph 3.2
3 Timetable	Executive – January 2021 Open ITT – February 2021 Contract Award – May 2021 Contract Start – 17 July 2021 See paragraph 3.3
4 Options appraisal for tender procedure including consideration of collaboration opportunities	A competitive tender using the open procedure See paragraph 3.4
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	London Living Wage and social benefit 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. There will not be any TUPE implications. See paragraph 3.5
6 Award criteria	Quality 70% and cost 30%. The award criteria cost/quality breakdown is more particularly described within the report. See paragraph 3.6

7 Any business risks associated with entering the contract	See paragraph 3.7
8 Any other relevant financial, legal or other considerations.	See paragraphs 4.1 - 4.4

4. Implications

4.1 Financial implications

The total 2020-21 budget within repairs for aids & adaptations, which includes supply, installation, testing, repairs and servicing, is £2.4m.

Of the budget referred to above £1.3m relates to the services (as set out in the synopsis) that are the subject of this re-procurement strategy.

This compares to an estimated assessment of budget required totalling between £1.5m - £1.8m.

This assessment has been based on the data analysis provided by Housing Property Services & reflects at the lower end; a) current performance levels & b) NHF prices (the current contract is based on NHF minus 41% but market indications suggest bids are likely to be closer to the NHF price base) and at the higher end; a) estimated performance levels more commensurate with fulfilling genuine demand & b) NHF prices.

Therefore, there is a potential budget pressure arising as a result of this re-procurement exercise of between £200k-£500k.

The Housing Director of Property Services advises that this budget pressure can be offset by managing demand & cash limiting the aids and adaptations annual budget.

4.2 Legal Implications

The council has statutory duties in respect of the carrying out of adaptations to the homes of disabled residents under section 29 of the National Assistance Act 1948, section 2 of the Chronically Sick and Disabled Persons Act 1970 and the Care Act 2014. The Council has power to enter into a contract for the carrying out of adaptations for disabled persons under section 1 of the Local Government (Contracts) Act 1997.

The estimated value of the proposed contract for adaptations exceeds the financial threshold (£4,733,252) for public works contracts for the full application of the Public Contracts Regulations 2015. Contracts above this threshold must be procured with advertisement in the Official Journal of the European Union and with full compliance of the Regulations. The council's Procurement Rules also require contracts of this value to be subject to competitive tender. The proposed procurement strategy, to advertise a call for competition and procure the service using the two stage restricted 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 contracts may be awarded to the two highest scoring tenderers subject to the tenders providing value for money for the council.

The Executive may delegate the decision on the award of the contract to the Corporate Director of Housing (Paragraph 8.1, Part 3 Constitution).

4.3 **Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**

Carrying out specialist adaptation installations, repairs and safety works for disabled residents has several environmental impacts. During the adaptation installation process, new materials will be used as well as energy consumption for the plant and equipment and the works will generate waste. In addition, the contractor will be using vehicles to arrive at and deliver materials to sites, which will contribute to air pollution (unless electric vehicles are used) and congestion.

Provision will be made within the contract specification and contractor selection criteria to mitigate impact for each of the above, with reference to relevant legislation and the stipulation that the contractor must adhere to the requirement of the Councils Housing HSE Code of Conduct for Contractors and appropriate legislation.

The contractor 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. In addition, contractors will be encouraged to use low or zero emission vehicles. Where possible, the contractor should use recycled or sustainably produced materials. The use of electric thermostatic showers have been shown to save energy by keeping water temperatures regulated and they have lower flow rates, so are more water efficient. Any materials replaced during a repair will be energy efficient replacements where compatible.

4.4 **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 25 September 2020 and the summary is included below. The complete Resident Impact Assessment is appended.

It is anticipated that the delivery of this service will not have any negative impact on any persons within the protected characteristics groups. The delivery of the contract will have a positive impact on all residents including those with protected characteristics, as it is designed to ensure that tenants and/or other household members are able to maintain independent living.

5. Reason for recommendations

- 5.1 Islington Council has a duty to carry out adaptations for disabled tenants and keeping existing installations in good working order. The procurement of two contractors is required to allow the continuity of service for the delivery of Specialist Adaptations including Installations and Repairs for Disabled Residents.

Appendices

Appendix 1: Resident Impact Assessment

Background papers:

None

Final report clearance:

Signed by:

A handwritten signature in black ink that reads "Diarmaid Ward." The signature is written in a cursive style and is centered within a light gray rectangular box.

Executive Member for Housing and Development

Date: 10/12/20

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