

Key Decision Report of the Corporate Director of Housing

Officer Key Decision	Date: 27 January 2021	Wards: All
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Delete as appropriate	Exempt	Non-exempt
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APPENDIX 1 TO THIS REPORT IS EXEMPT AND NOT FOR PUBLICATION
SUBJECT: Contract Award for Electrical Testing, Servicing and Associated Remedial Works**1. Synopsis**

- 1.1 This report seeks approval for the award of the Electrical Testing, Servicing and Remedial Works contract. On 17 October 2019, the Executive gave delegated authority to the Corporate Director of Housing to award this contract in consultation with the Executive Member for Housing and Development.
- 1.2 The Electrical Testing, Servicing and Remedial works contract is to be awarded to one contractor for an initial period of 36 months, with the possibility to extend for one period of 24 months. The total estimated aggregate value of this contract is £9,000,000 (£1,800,000 per annum).

2. Recommendation

- 2.1 To approve the contract award for Electrical Testing, Servicing and Associated Remedial Works to:

Morgan Sindall Property Services Limited.

For an initial period of 36 months from 8 March 2021 with a right for the council, in its absolute discretion, to extend for one period of up to 24 months.

3. Date the decision is to be taken

27 January 2021.

4. Background

4.1 This contract is for the delivery of cyclical testing and servicing of Mechanical and Electrical (M&E) assets. The service will include electrical testing, servicing and emergency remedial works, including maintenance works and required upgrades to residential properties, communal buildings and estates.

The council has a duty of care to carry out electrical testing, servicing and repair work under the recommendation and guidance of the 18th edition, IET Wiring Regulations: (BS7671:2017) to residential properties and communal buildings such as community centres, concierge offices and reception centres. This is to ensure the safety of our residents and their visitors.

The council provides this service to approximately 21,000 properties, 47 community centres and three reception centres. This contract provides an electrical testing and servicing programme to support the in-house Mechanical and Electrical (M&E) service.

- 4.2 This contract has been procured to replace an existing expiring contract. Several options were considered for electrical testing, including insourcing and third party frameworks, however a competitive tender process was considered most effective at this time.
- 4.3 On 17 October 2019, the Executive approved a strategy for the procurement of a new contract for the provision of Electrical Testing, Servicing and Associated Remedial Works. The contract was advertised by the council on the London Tenders Portal and Contracts Finder. As the contract value was above the threshold for EU purposes, a notice was also posted in the Official Journal of the European Union (OJEU).
- 4.4 This procurement has been conducted in line with the Council's procurement rules and the Public Contracts Regulations 2015. The initial procurement strategy proposed a competitive Restricted Procedure; however, a competitive Open Procedure was used in order to provide better value for money and increased social value.
- 4.5 The contract is to be awarded to the Most Economically Advantageous Tender based on the award criteria set at 40% cost and 60% quality (of which 20% was social value). Tenderers were required to achieve a minimum standard of three or above for each of the suitability assessment questions in order to have their remaining submission evaluated. Tenderers were then required to achieve a minimum quality standard of three or above for each of their method statement questions in order to have the cost element of their tender evaluated.
- 4.6 From the initial expressions of interest received, 31 bids were submitted. Out of the 31 bids submitted, three organisations met or exceeded the minimum requirements for the suitability assessment questions and progressed to have their method statements assessed. Two organisations met or exceeded the minimum requirements for the method statement questions and had the cost element of their tender submissions evaluated. The quality element was divided into the following sub-criteria:
- Proposed approach to social value and promoting opportunities for Islington residents, including reducing carbon footprint 20%

- Proposed approach to managing the delivery of services according to contractual priorities with appropriate resourcing 10%
- Proposed approach to ensuring value for money, with consideration to both cost and quality of work delivered 10%
- Proposed approach to customer service (including managing customer expectations) and quality 10%
- Proposed approach to health and safety in the work environment including compliance with current legislation 10%.

The cost element was divided into the following sub-criteria:

Percentage breakdown	Description
20%	Rates and prices tendered in Section 3.1 of this Price Framework – Electrical Planned Testing Price List
10%	Rates and prices tendered in Section 3.2 of this Price Framework – Electrical Testing and Servicing – Remedial Work Price List
5%	Percentage adjustment to the NHF Schedule of Rates for responsive maintenance works version 6.1 (applicable to work undertaken inside and outside normal working hours and emergency and non-emergency work) (Section 1.9)
1%	Surcharge for emergency call-out outside normal working hours (Section 1.10)
1%	DAYWORK – HOURLY CHARGES Inside Normal Working hours Engineers/general building multi trade / skilled tradespeople (Section 4.2)
1%	DAYWORK – PERCENTAGE ADDITIONS Percentage adjustment for materials (Section 4.2)
1%	DAYWORK – PERCENTAGE ADDITIONS Percentage adjustment for plant and equipment (Section 4.2)
1%	Percentage adjustment for directing and supervising approved Specialists (Section 5.2)
TOTAL 40%	

4.7 A two-stage leaseholder consultation took place as part of this procurement. No observations were received.

4.8 The results of the tender evaluation are set out in the attached exempt appendix 1. The tender submitted by Morgan Sindall Property Services Limited received the highest score and is recommended for acceptance.

5. Implications

5.1 Financial implications

The estimated value (£1.8m pa) of the contract consists of three parts:

1. £1.2m to cover electrical testing and maintenance service to 21,000 existing dwellings and communal units.
2. £230k to cover 4,000 additional units in anticipation of the planned return of PFI2 properties in 2022.
3. £370k to cover upgrade work due to new regulations relating to fuse boards and domestic fire detectors.

Part 1 of this contract will be funded from the existing M&E Electrical Testing budget of £1.2m.

Currently, there is no budget allocation for Part 2 in 2020/21. However, this has been accounted for in the HRA 30 year business plan; therefore, the budget will be adjusted, when the PFI2 properties return in 2022/23.

Part 3 will be funded from the Planned Works budget. The current allocation is £500k.

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) as well as its communal buildings such as community centres, concierge and reception centres (section 111 of the Local Government Act 1972). Associated with this is the council's duty to ensure that electrical testing, servicing and repair work is carried out in compliance with the guidance and standards as established by IET Wiring Regulations: BS7671 (2018), 18th edition. The Council has power to enter into contracts with suppliers of electrical cyclical testing and related maintenance services under section 1 of the Local Government (Contracts) Act 1997.

The contract is a public services contract for the purposes of the Public Contracts Regulations 2015 (the Regulations). The threshold for application of the Regulations to services contracts is currently £189,330. The estimated value of the proposed contract was above this threshold and therefore the provisions of the Regulations applied and the contract was advertised in OJEU and procured using the open procedure.

The tenders have been evaluated in accordance with a pre-agreed evaluation model. Morgan Sindall Property Services Limited obtained the highest score and may be awarded the contract subject to the Corporate Director of Housing being satisfied that their tenders represent value for money. In reaching her decision, the Corporate Director should have regard to the information set out in the exempt appendix.

An appropriate proportion of the costs of the contract will be recoverable from the leaseholders of the relevant properties pursuant to the service charges provision of their leases subject to the consultation requirements of section 20 of the Landlord and Tenant Act 1985 and the

Service Charges (Consultation Requirements) (England) Regulations 2003 having been carried out.

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

Environmental implications from this contract include material use, waste generation and CO2 emissions and congestion from vehicle use, as well as energy use from the testing or new parts installed as part of the remedial works process.

Where possible the Contractor must use recycled or sustainably produced materials and those that consume less power in operation. They must 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 carried out legally and in alignment with waste hierarchy. They should also optimise travel routes to minimise number of journeys taken and be encouraged to use low or zero emission vehicles. The Contractor has made commitments within their tender in respect of minimising emissions, energy saving measures and sustainability and these will form part of the contractual requirements for this contract.

Where any remedial works are required following electrical testing, the domestic and communal LED light fittings will be maintained or upgraded to LED fittings if they are not already in situ. Low carbon kitchen and bathroom extractor fans are fitted where replacements are required, again for energy efficiency and cost reduction for residents.

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 July 2019 (appendix 2). This procurement 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 in vulnerable groups, as it is designed to ensure that electrical installations within all council residential properties and estates are maintained in a good condition and are safe. Diversity and equality were considered during the procurement process. Potential service providers were asked a scored question during the procurement process regarding how they would assess and manage 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.

6. **Reasons for the decision**

- 6.1 The successful contractor selected for the award of the contract for Electrical Testing, Servicing and Repairs, Morgan Sindall Property Services Limited, achieved the highest overall score and met or exceeded the minimum requirements of the quality criteria of their tender.

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 – Tender Evaluation - Exempt

Appendix 2 – Resident Impact Assessment

Background papers: None

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