

Homes and Neighbourhoods 222 Upper Street, London, N1

Key Decisions Report of Corporate Director of Homes and Neighbourhoods

Officer Key Decision	Date: 23.11.	21	Ward(s): All
Delete as appropriate		Non-exempt	



SUBJECT: Procurement Strategy for Intrusive Structural and Fire Surveys

1. Synopsis

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of Intrusive Structural and Fire Surveys in accordance with Rule 2.7 of the Council's Procurement Rules.
- 1.2 The procurement is to secure a framework agreement for specialist Structural Engineers, Fire Engineers and Intrusive Fire Risk Assessors for use when needed as part of capital improvement and building safety works projects delivered by Housing Property Services. In addition, other council departments will be able to access this corporate framework contract for similar building works projects.

2. Recommendation

- 2.1 To approve the procurement strategy for Intrusive Structural and Fire Surveys as outlined in this report.
- 3. Date the decision is to be taken:

23 November 2021

4. Background

4.1 The Housing Property Services department within the Homes and Neighbourhoods division is responsible for the repair, maintenance and ongoing safety of the council housing stock. The department has recently procured a number of new contractors to complete packages of capital improvement work for housing estates across the borough. These work packages are often technically complex and require specialist advice. Following the Grenfell Tower fire in 2017 and the resulting review of building control and fire safety measures by Dame Judith Hackitt, the government has introduced the new Fire Safety Act and the Building Safety Bill. As a consequence, the council expects to have to undertake additional fire safety related works to its properties.

We intend to procure a framework agreement enabling access to specialist technical advice in the fields of structural engineering, fire engineering and intrusive fire risk assessment. This advice will be generally sought prior to commencement of complex capital improvement or fire safety related works to council managed housing blocks and estates to help the council ensure the planned works cover all necessary elements structural and fire safety.

The council needs to procure specialist technical advice from external providers as this expertise is not available in-house, and is only required when specific projects require this level of expert input. The framework agreement will encompass three Lots covering Structural Engineering, Fire Engineering and Intrusive Fire Risk Assessments with up to five suppliers available within each lot. The Housing Property Services department will be the principal users of the contract but it will also be available for use by the Building Control department in the Community Wealth Building directorate. Other departments within the council may also benefit from using this framework.

4.2 Estimated Value

The packages of work allocated to suppliers, following a call-off from the framework agreement, will primarily be funded from the HRA capital budget and will be included as part of the spend on the wider package of repairs and improvement works. There may be some additional revenue spend from the department's repairs and maintenance service but it is anticipated this will be minor. Any use of the framework agreement by the Building Control department will be funded through the self-financing arrangements of this department with the charges being passed back to the clients with whom the department is working. The total estimated value of the framework contract for Islington is $\pounds 2,122,000$. The length of the framework agreement is four years. We intend to reserve the right to extend the length of the contract if the regulations restricting the length of framework agreements to four years change prior to the commencement of the agreement. This estimated value is split between three Lots within the framework agreement. The value of the contract is calculated based on the anticipated number of annual capital projects to be commissioned by the Housing Property Services department over the four years of the contract and the estimated number of surveys the building control team anticipate commissioning.

This is estimated contract cost is summarised as:

Estimated value of Lots within the contract (Housing Spend):

	Estimated number of instructions per year	Estimated range of total cost per year	Estimated cost per instruction	Total cost for four year contract (using higher cost estimation)
Lot 1 -Structural Engineering	20-25	£70 -100K	£3,500 - £4,000	£400,000
Lot 2 -Fire Engineering	15-20	£65- 105K	£4,300 - £5,250	£420,000

	Estimated number of blocks requiring survey	Estimated range of total cost for contract	Estimated cost per instruction (high value for intrusive including making good works)	Total cost for four year contract (using higher cost estimation)
Lot 3 -Intrusive Fire Risk Assessors	126 High rise blocks	£378k - £882k	£3,000 - £7,000	£882,000

Estimated value of Lots within the contract (Building Control Spend):

	Estimated number of instructions per year	Estimated range of total cost per year	Estimated cost per instruction	Total cost for four year contract (using higher cost estimation)
Lot 2 -Fire Engineering	15-20	£65- 105K	£4,300 - £5,250	£420,000
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Total Estimated Contract Value

£2,122,000

There are no opportunities to reduce cost and spend on this service due to the need for the council to ensure works to be undertaken comply with detailed and highly technical building safety requirements as required by law. The use of the framework agreement to secure this technical advice prior to commencement of large scale work projects will help to ensure works undertaken sufficiently cover off structural and fire safety works in the most efficient and cost effective way.

The council will undertake a two-stage consultation process with leaseholders as part of this procurement to ensure leaseholders have an opportunity to comment on this proposed procurement and prior to the award of any contract.

Spend on structural and fire engineering consultancy over the past four years is summarised below:

	2016/17	2017/18	2018/19	2019/20	Grand Total
Capital	£ 21,120	£ 9,945	£ 100,697	£ 52,828	£ 184,590
Revenue	£ 11,750	£ 17,075	£ 27,930	£ 15,413	£ 72,168
					£ 256,758

The reasons for the anticipated increase in spend over the next four years are directly linked to the increase in the delivery of new capital improvement work packages and the increased building safety checks and investigations that will be needed as a result of new legislative requirements in this area. For these reasons capital spend on the new contract is anticipated to remain significantly higher than revenue spend.

4.3 Timetable

There is currently no council contract in place for the Housing Property Services department to use. To date the department has relied on external procurement framework agreements to commission suppliers to undertake consultancy work as and when necessary. As the department has started to assign packages of work to the new housing capital programme contractors and with the anticipated increase in the number of intrusive surveys required linked to building safety it needs to mobilise this new arrangement as soon as possible.

The estimated timetable for the completion of the procurement include the key dates:

Publication of advert:December 2021Evaluation of tender submissions:December 2021-January 2022Date of award decision:January 2022Framework agreement start date:March 2022

4.4 Options appraisal

The Housing Property Services department has to date used call-off arrangements from external procurement framework agreements when it has a requirement to commission a supplier to undertake engineering consultancy work. The benefits of this option are that the procurement requirements for a direct call-off from an existing framework are relatively straightforward. The main drawback of this option, as experienced by the service, is that the department has less control over the setting of its specific requirements regarding the scope and quality of the work undertaken due to the restrictions of the terms of the existing framework agreements. Four external frameworks were considered in the preparation for this procurement. They were rejected as they did not include the services required particularly relating to intrusive fire risk assessment; one specifically targeted new build housing projects as opposed to projects linked to works to existing buildings and there were concerns about the quality of the specifications used as minimum standards for joining the framework.

There is insufficient expertise within the council to provide specialist technical advice in the fields of structural engineering, fire engineering and intrusive fire risk assessment. It is not considered practical or cost effective to recruit specialist engineers to undertake this work, that by its nature will be required on an ad-hoc basis. There is also a significant benefit to the council of commissioning external technical specialist to consider and advise on the technical works needed as part of projects being undertaken by the council as their advice is independent of the council.

The preferred approach is to advertise the opportunity and to conduct a competitive tender. The framework agreement will be split into three Lots with Lot 1 being for suppliers able to deliver structural engineering consultancy, Lot 2 for suppliers able to deliver fire engineering consultancy and Lot 3 for suppliers able to deliver intrusive fire safety assessments and associated works. Each Lot will include five suppliers ranked within the Lot based on their quality and cost scores. The service will primarily issue work packages to the highest ranked supplier on the relevant Lot. Where the highest ranked supplier is unable to accept a commission the work will be offered to next highest ranked supplier and so on. The council will also reserve the right to undertake further competition within the Lot for commissions. Having a number of suppliers able to carry out these works as and when needed by the council, often at short notice, will prevent delays to high value, high-risk building and safety works projects.

Opportunities to collaborate with others as part of this procurement were explored. The council's Building Control department was approached and they have confirmed there is benefit in having access to this framework agreement, specifically for fire engineering consultancy commissions.

Neighbouring authorities were approached to gauge their interest in accessing this framework agreement. Haringey Council has set up its own procurement framework agreement that covers some of these areas and is not interested in using any such agreement procured by Islington. Camden Council and Hackney Council are not interested in participating in the framework agreement.

4.5 Key Considerations

Suppliers will be required to support, as a minimum, the delivery of the council's World of Work programme by offering work experience placements to local young people or groups underrepresented in the industry. Suppliers will be strongly encouraged to consider offering employment and apprenticeship opportunities. Setting specific targets for the number of these opportunities offered, as part of this contract is inappropriate, as the value of the commissions given to individual suppliers through this contract annually may be quite low. This will be reviewed throughout the contract term. Suppliers will also be encouraged to support the council net zero carbon strategy by working to minimise the environmental impact of their operations, for example, through the purchase of green energy to power their workplaces. They will also be expected to take account and act accordingly to prevent survey work to buildings from disturbing nest birds or bats. Where building materials need to be used in the course of the contract the supplier will use materials from sustainable sources and recycle materials whenever possible.

The London Living Wage will apply to this contract. The salary levels of staff working on the delivery of commissions through this framework agreement will exceed this threshold.

There are no TUPE, pension or staffing implications associated with this contract.

4.6 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 that organisations must meet before the rest of their tender is evaluated. The proposed quality evaluation criteria will consider the technical expertise and experience of the tenderers in these specialist fields. The quality of work they can deliver, the effectiveness of their planned communications with the service and their capacity to source and mobilise sufficient and appropriately qualified resource to projects commissioned, often at short notice, will be a key consideration in the evaluation. The ability of suppliers to support the council's social value requirements in particular on training and employment opportunities alongside their commitment to environmental and net zero carbon targets will form the social value quality assessment.

The full breakdown of the cost / quality criteria will be:	
Cost:	40%
Quality (broken down as below):	60%

Staffing structure, qualifications and training	15%
Management of work, resourcing and capacity	15%
Quality assurance and communication	10%
Social Value/Net Zero Carbon	20%

4.7 Business Risks

The capacity of suppliers to deliver commissions through this framework agreement in a timely manner is a business risk. This will be mitigated by securing a number of competent suppliers within each Lot to enable the demand for survey work to be managed effectively amongst the successful suppliers. The service area also has the ability to fall back on ad-hoc commissioning of individual consultancy contracts with other suppliers if needed.

Another business risk associated with this procurement is that the procurement fails. Should this happen the service will have to continue to commission individual consultancy contracts with suppliers as and when needed. A review will be undertaken of the reasons for the failure of the procurement to determine if a further procurement should be attempted or if changes needed to the made to our approach prior to the procurement starting again.

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.

Relevant information	Information/section in report
1 Nature of the service	Contract for specialist Structural and Fire Engineers and Fire Risk Assessors for use as part of capital improvement and building safety works projects to buildings. See paragraph 4.1
2 Estimated value	The framework contract has an estimated value of £2,122,000 of Islington Council spend.
	The contract will run for a period of four years.
	See paragraph 4.2
3 Timetable	As outlined in the report
	See paragraph 4.3

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

4 Options appraisal for tender procedure including consideration of collaboration opportunities	The outcome of the options appraisal is that the preferred procurement route is a one stage open tender procedure. The contract will be split into three Lots covering Structural Engineering, Fire Engineering and Intrusive Fire Risk Assessments. Collaboration on this contract includes Islington Council Building Control team. Other Islington departments may also wish to access this framework. See paragraph 4.4
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	The social benefit clauses are documented in the report. London Living Wage will apply. No TUPE, pension or staffing implications associated with this contract. See paragraph 4.5
6 Award criteria	Overall award criteria 40% price / 60% quality. The award criteria price/quality breakdown is described within the report. See paragraph 4.6
7 Any business risks associated with entering the contract	The risks associated with this contract are that the procurement fails or the chosen suppliers are unable to delivery commissions in time. The contingency for both these risks is that the business commissions alternative suppliers on a case-by-case basis. See paragraph 4.7
8 Any other relevant financial, legal or other considerations.	See paragraph 5.1 – 5.4

5. Implications

5.1 Financial implications:

The £2.122m included per para 4.2 will be incurred as and when the framework agreement is used to secure any technical advice prior to commencement of large scale work projects, to ensure works undertaken sufficiently cover off structural and fire safety works in the most efficient and cost effective way. The total spend shall be incurred over the term of the procurement contract (four years in this case), and the Housing element (£1.702m) will be accommodated within the overall major works capital programme and Building Control element (£0.420m) charged to the relevant department's revenue cost code.

5.2 Legal Implications:

- a) The council has power to enter into a contract for the carrying out of the services referred to in this Report under section 111 of the Local Government Act 1972 and section 1 of the Local Government (Contracts) Act 1997.
- b) Pursuant to the council's Procurement Rule 18.1.1 the Corporate Director of Homes and Neighbourhoods may award contracts paid for using revenue money of up to £2,000,000 of Islington Council spend and contracts paid for using capital money of up to £5,000,000 of Islington Council spend.
- c) The estimated total life value of the proposed Framework contract (Lot 1, Lot 2 and Lot 3) exceeds the financial threshold for public services contracts for the full application of the Public Contracts Regulations 2015. Contracts above this threshold must be procured using public advertisement in *Find A Tender* and in full compliance with the Regulations.
- d) The council's Procurement Rules also require contracts of this value to be subject to competitive tender.
- e) The proposed procurement strategy to advertise a call for competition and procure the service using the open tender process for a Framework Agreement is in compliance with the principles underpinning the Regulations and the council's Procurement Rules.
- f) On completion of the procurement process, appointment to the Framework contract (Lot 1, Lot 2 and Lot 3) may be awarded to the five highest scoring tenderers for each Lot, subject to the tenders providing value for money for the council.

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

Suppliers will be encouraged to used green transport options to travel to site to undertake intrusive surveys. Suppliers will be required to consider and take all reasonable steps to minimise disturbance to nesting and roosting animals and birds when undertaking survey works. Small amounts of waste building materials will be generated and new building materials used as part of the intrusive survey work undertaken. Suppliers will be required to minimise waste generated and recycle materials whenever practical and new materials used will be environmentally friendly and come from sustainable sources, whenever possible.

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 15 November 2021 and identified no

adverse impact resulting from this procurement for residents within any protected characteristic group.

The complete Resident Impact Assessment is appended.

6. Reasons for the decision:

6.1 The council has a requirement to procure specialist technical independent advice related to complex construction projects. Procuring a number of suppliers within a framework agreement will enable the council to access this specialist advice guickly as needed to comply with tight project timeframes.

7. **Record of the decision:**

7.1

Signed by:

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Maxine Holdsworth Corporate Director of Homes and Neighbourhoods

Date 23.11.2021

Appendices

Resident Impact Assessment

Background papers:

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