

Homes and Neighbourhoods

222 Upper Street, N1 1XR

Report of: Corporate Director of Homes and Neighbourhoods

Date: 13 September 2022

Ward(s): All

Subject: Contract award for Out-of-hours drainage works, in-hours backup support for repairs team and all drainage excavation repairs (including collapsed pipes)

1. Synopsis

- 1.1. This report seeks approval for the contract award for out-of-hours drainage works, in-hours backup support for the repairs team and all drainage excavation repairs (including collapsed pipes).
- 1.2. This contract is to deliver all out-of-hours drainage repairs and in-hours backup support for the repairs team. The contract will also include all drainage excavations and the repair of collapsed pipes.

2. Recommendation

- 2.1. To award the contract to CCR Property Services Ltd for an initial period of 36 (thirty-six) months with the option to extend for a further three (3) periods of up to twenty-four (24) months each. Any extension will be subject to satisfactory performance and available funding.

3. Date the decision is to be taken

- 3.1. 13 September 2022

4. Background

4.1. Nature of the service

- 4.1.1. This contract aims to secure the service of the supplier that provides the out-of-hours drainage works, in-hours backup support for the repairs team and all drainage excavation repairs (including collapsed pipes) for the Islington Council.

4.2. Estimated value

- 4.2.1. This contract will be funded using an existing budget for drainage repairs and excavation from the Housing Revenue Account (HRA).
- 4.2.2. The estimated total value of this contract is £4,608,000 (£512,000 per year) based on a maximum contract term of one hundred and eight (108) months. The initial term will be thirty-six (36) months, with the option to extend for a further three (3) periods of up to twenty-four (24) months each.

4.3. Timetable

- 4.3.1. Once this decision is taken and the contract is awarded, we anticipate a two (2) month mobilisation period will commence.
- 4.3.2. The new supplier is expected to start delivering the service in November 2022.
- 4.3.3. The council has consulted with leaseholders in accordance with the Landlord and Tenant Act.

4.4. Options appraisal

- 4.4.1. A competitive tender, framework agreement, collaboration and insourcing were considered.
- 4.4.2. Based on the market knowledge and a limited number of companies offering the required service, it was expected that only a small number of organisations would respond. Therefore, a competitive tender using the open procedure was chosen as the procurement route that would generate the best result.
- 4.4.3. Before publishing the tender, a Prior Information Notice (PIN) was published. It aimed to further increase the market interest, raise competition and obtain the most economically advantageous supplier for the council.

4.4.4. The PIN provided the bidders with the advanced information about Social Value Portal, which was used to evaluate the Social Value elements of the tender.

4.5. **Key Considerations**

4.5.1. Social Value (SV) was allocated a weighting of 20% of the award criteria.

4.5.2. The SV proposals were evaluated on the Social Value Portal (SVP) and using the National Themes, Outcomes and Measures (TOMs) Framework.

4.5.3. Bidders had to complete the SV offer for the bid to be compliant. Bidders who did not complete the SV offer were disqualified.

4.5.4. The bidders were free to commit against any measures described in the TOMs list, but the measure relating to the provision of apprenticeships (measure NT10) was mandatory.

4.5.5. Three areas were allocated a higher weighting to reflect the priorities of the Council. Double weighting was given to: "More local people in employment" (measure NT1), "Supporting Growth of Responsible Regional Business" (measure NT15), and "Environment: Decarbonising and Safeguarding our World" (measure NT31).

4.5.6. Each commitment made by the bidder had a numeric proxy value automatically calculated to give a monetary value equivalent. In addition, the bidding companies were required to provide a delivery plan, which was evaluated and scored.

4.5.7. The delivery of the SV commitments will be monitored through the SVP, and the progress will be discussed and evaluated during the regular meetings between the supplier and council representatives.

4.5.8. London Living Wage is included as a condition of the contract.

4.5.9. There are no TUPE implications resulting from this contract.

4.6. **Evaluation**

4.6.1. The tender was conducted using the Open Procedure. The tender was 'open' to all organisations who expressed an interest. The procedure included minimum requirements organisations had to meet before the rest of their tender was evaluated.

4.6.2. The Council's award decision was made based on the most economically advantageous tender (MEAT). MEAT was identified using 40% cost and 60%

quality, of which 20% was Social Value (evaluated using the National TOMs (Themes, Outcomes and Measures) developed by the Social Value Portal).

4.6.3. The quality criteria were assessed by evaluating the following:

- 20% - Proposed approach to social value, including reducing carbon footprint and promoting opportunities for local residents
- 20% - Proposed approach to managing the delivery of service.
- 10% - Proposed approach to communication and customer service.
- 10% - Proposed approach to quality assurance and health and safety.

4.6.4. Out of nine (9) submissions received, three (3) met the required criteria and were subject to a method statement evaluation.

4.6.5. The winning organisation, CCR Property Services Ltd, achieved an overall score of 85.18% which was the highest scoring bid.

4.7. **Business risks**

4.7.1. Islington Council has to ensure residents have a fresh, mains water drinking supply and properties are free of blockages and/or leaks to foul drains, soil stacks and toilets, as part of The Secure Tenants of Local Housing Authorities (Right-to-Repair) Regulations 1994. Failure to carry out repairs for 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.

4.7.2. Residents rely on the council to deliver repairs to keep their homes in a good state of repair. Failure by the council to meet its obligations could adversely impact residents, mainly due to the health and safety implications of the nature of the work involved. This also carries a reputational risk for the council. Leaseholders pay service charges for appropriate repairs and expect they will be carried out effectively.

4.7.3. These risks can be mitigated by ensuring this contract is concluded within the given timescales.

4.7.4. 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 been 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.

5. Implications

5.1. Financial Implications

- 5.1.1. Following a competitive tendering process, it is recommended that the contract for out-of-hours drainage works, in-hours backup support for the repairs team and all drainage excavation repairs (including collapsed pipes) is awarded to CCR Property Services Ltd.
- 5.1.2. A credit search provided by Dun & Bradstreet was conducted for CCR Property Services Ltd. The credit report indicates a “Low-moderate” overall business risk.
- 5.1.3. Should the contract be awarded, CCR Property Services Ltd would require a period to mobilise the service, which is anticipated to take 2 months and would not incur any additional costs to the council. The council may incur some costs in setting up the contract arrangement but costs are expected to be minimal.
- 5.1.4. Housing drainage work are delivered through the repairs and maintenance service and is funded via the repairs subcontractor budget which for 2022/23 stands at £3.697m. In addition, as part of the re-integration of PFI 2 street properties to council management, a further £6.439m was provided to the repairs and maintenance service to meet the additional demand for servicing street properties. It is expected that drainage works cost will be met from both these budgets and thus should not create a pressure to the HRA.
- 5.1.5. The annual value of the contract is estimated at £0.520m per year. As the contract is not an annually fixed priced contract, actual costs incurred each year may vary and is dependant on demand and the need for the service.
- 5.1.6. The contract would be awarded on an initial term of 36 months with the option to extend for a further 3 periods of up to 24 months each, a maximum term of 9 years.
- 5.1.7. To note, the contract would be subject to an annual inflationary uplift equal to the published CPI figure for the month prior to the contract anniversary date. Inflation rates are currently high and there is a risk that they could remain high for an extended period. Should it transpire, this is likely to cause a budgetary pressure to the service. It is expected that any future pressures will be managed from existing budget allocations for repairs and maintenance. This will need to be monitored closely to ensure appropriate management can be taken to manage risk arising.

5.2. **Legal Implications**

- 5.2.1. The council has obligations to its residents under The Secure Tenants of Local Housing Authorities (Right-to-Repair) Regulations 1994. Also 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 a contract for the carrying out of drainage and ancillary services under section 1 of the Local Government (Contracts) Act 1997.
- 5.2.2. The proposed contract is a contract for services which is above the threshold of £213,477 for application of the Public Contracts Regulations 2015 (the Regulations). The council's Procurement Rules require contracts over the value of £213,477 to be subject to competitive tender. The contract has been procured with advertisement and competitive tendering in compliance with the Regulations and the council's Procurement Rules.
- 5.2.3. The council's award decision was made based on the most economically advantageous tender (MEAT). Bids were evaluated in accordance with the evaluation model. CCR Property Services Ltd was found to be the highest scoring tenderer. Therefore, the contract may be awarded to CCR Property Services Ltd as recommended in the report. In deciding whether to award the contract as recommended the Corporate Director of Homes and Neighbourhoods should be satisfied as to the competence of the provider to provide the services and that the tender price represents value for money for the council. Regard must also be had to the information set out in the exempt appendix to the report.

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

- 5.3.1. The contract stipulates that the supplier will mitigate the impact on the environment, adhere to all appropriate legislation and follows the requirement of the Council's Housing Health Safety and Environmental Code of Conduct for Contractors.
- 5.3.2. The supplier must minimise the use of water, chemicals and materials, recycle waste where possible, and ensure that any waste disposal is done legally. In addition, the supplier will have to store, use and dispose of any chemicals

following the manufacturer's guidelines and, where possible, use recycled or sustainably produced materials.

- 5.3.3. The contractor will also be encouraged to use low or zero-emission vehicles and install energy-saving replacement parts where possible and compatible.

5.4. **Equalities Impact Assessment**

- 5.4.1. 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.

- 5.4.2. A Resident Impact Assessment was completed on 19 July 2021. The main findings are that the delivery of this service will positively impact all residents, including those with protected characteristics, as it is designed to ensure that council properties and estates are maintained to a high standard, and its residents have access to the necessary sanitation.

- 5.4.3. The full Resident Impact Assessment is appended.

6. Conclusion and reasons for the decision

- 6.1. Islington Council must ensure residents' properties are free of blockages and/or leaks to foul drains, soil stacks and toilets as part of The Secure Tenants of Local Housing Authorities (Right-to-Repair) Regulations 1994. The Council is also responsible for maintaining and keeping the Council's housing stock in a good state of repair.
- 6.2. Entering into a contract with CCR Property Services Ltd will ensure that all necessary drainage works and excavation repairs (including collapsed pipes) are provided.

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 Homes and Neighbourhood

Date:

Appendices:

Appendix 1: RIA - Resident Impact Assessment

Appendix 2: Summary of bids received (EXEMPT FROM PUBLICATION)

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