

Homes & Neighbourhoods
222 Upper Street, N1 1XR

Report of: Acting Corporate Director of Homes & Neighbourhoods

Date: 25th May 2023

Ward(s): All

Subject: Procurement Strategy for Resident Carpet and Flooring Scheme Contract

1. Synopsis

- 1.1. This report proposes the procurement of a corporate contract for the supply of replacement carpets and flooring for Islington council tenants. This service allows tenants to benefit from the installation of carpets and associated flooring materials, including appropriate vinyl substitute flooring for dwellings adapted for wheelchair users.

2. Recommendation

- 2.1. To approve the procurement strategy for the resident carpet and flooring scheme contract, as outlined in this report.

3. Date the decision is to be taken

- 3.1. 25 May 2023

4. Background

4.1. Nature of Service

- 4.1.1. The council started offering an affordable option for Islington council tenants to purchase suitable floor covering for their new homes as a pilot scheme in 2016. Prior to this pilot scheme our void properties were let to new tenants uncarpeted with the expectation that they arrange for appropriate floor coverings directly.

Many of our residents struggle to afford the upfront cost of purchasing and fitting floor coverings when they move into a new council tenancy which often meant they would go without suitable floor coverings in their new home. This has a significantly adverse impact on them and their family. The scheme provides a cost-effective alternative which tenants could opt-in to, enabling them to purchase floor coverings and spread the cost via an additional charge to their weekly rental charges. Following the success of an initial pilot of this scheme the council has been offering this service since 2016.

4.1.2. The aim of the service is to provide affordable floor coverings which not only prevents noise complaints through limiting noise transference between properties but also offers a level of thermal insulation and a more comfortable environment for the residents and their family. The service also offers flexibility to assist with noise nuisance and can be used at the discretion of the Service Manager within Homes and Neighbourhoods to resolve anti-social behaviour and noise disputes between neighbours which arise as a result of insufficient floor coverings.

4.1.3. This service has been successfully delivered over a number of years with a high percentage of new residents opting into the scheme over the past seven years. The council intends to procure a contract with a supplier to provide a continued cost-effective solution for the provision of this service to our residents.

4.2. **Estimated value**

4.2.1. This service will continue to be funded from the Housing Revenue Account (HRA) revenue budget for any upfront costs. The cost of the service is recovered by way of an additional service charge added to the rent accounts of the tenants that opt into the scheme over a period of five years from the fitting of their new flooring or carpet.

4.2.2. Based on the cost of the existing service the value of the contract is estimated to be £350,000 per annum. The proposal is to procure a contract for two years with options to extend by a further two periods. As a result, we anticipate the total cost to be approximately £1.75m over the full life of this contract.

4.2.3. Over the past three years expenditure on the service was approximately £1,068,000.

4.2.4. A percentage reduction in budget could mean Islington would have to restrict the number of residents we could offer this service to each year.

4.3. **Timetable**

- 4.3.1. This procurement exercise will review the value for money and social value arrangements for this service whilst also regularising contractual arrangements for its delivery moving forward with the successfully appointed supplier.
- 4.3.2. The estimated timetable for the completion of the proposed procurement exercise is:
- Procurement strategy approved – May 2023
 - Publication of tender – June 2023
 - Submission of tenders – July 2023
 - Evaluation of tenders submitted – August 2023
 - Decision on contract award – September 2023
 - Contract start date – October 2023
- 4.3.3. The following stakeholders have been consulted in the preparation of this procurement strategy:
- Homes & Communities: Head of Housing Partnerships & Service Manager (Housing Services)
 - Housing Property Services: Group Leader Contract Management (PS), Contract Compliance Manager.
 - Strategic Procurement and Supply Assurance team
 - Finance
 - Legal Services

Options appraisal

- 4.3.4. The following options have been considered for this procurement:
- 4.3.5. In-house provision – The advantage of this option would be that the council would directly employ a team of staff that would deliver this service to our residents. This option has been rejected as it is not financially viable to directly employ a team of carpet fitters. There would be significant periods of downtime for the individuals concerned and the council would also have to cover the overheads of managing these staff.
- 4.3.6. External procurement framework agreement – this option would provide a quicker route to market for the council to secure a supplier than other procurement routes. Framework agreement options have been considered and only one potential framework agreement was identified. Upon further investigation it was confirmed the suppliers on this framework agreement were not suitable for supply and installation of floor coverings in residential properties.
- 4.3.7. Competitive tender – This is the preferred procurement route. This option involves the council advertising the procurement opportunity and evaluating the tender submissions received from potential suppliers. The advantages of this option are

that the council has direct control over the process and it provides more opportunity for local businesses to take part in the procurement. Due to the anticipated limited market interest in this contract, it is proposed to use the one stage open procedure for this procurement.

- 4.3.8. Collaboration with other organisations – this option would involve procuring this service in collaboration with others such as local Register Social Landlords or neighbouring boroughs. The option was considered but unfortunately no other organisation provides a comparable service so for this reason this option has been rejected.
- 4.3.9. Consideration was given to inclusion of this scheme within Islington's existing contract between the council and specialist suppliers for the repair and refurbishment of empty council homes during their void period between council tenancies. It has been confirmed this option is not suitable as the service is optional for new tenants and they may choose to purchase carpets and flooring and have this fitted at any point up to four weeks from the commencement date of a new tenancy. As the void period is then over it was not considered to be a feasible option.
- 4.3.10. Consideration was given to advertising this scheme as a framework to multiple SME's. This option was considered by the key stakeholders and deemed unsuitable as it would potentially create a two-tier pricing system which would be inequitable for residents and complex to administer.

4.4. **Key Considerations**

- 4.4.1. We will encourage local suppliers/ Small Medium-size Enterprises (SMEs) to bid for this contract and will actively engage with the current and local suppliers to support them in the navigation of the appropriate e-tendering portal in collaboration with Islington's Inclusive Economy Team.
- 4.4.2. We require that products meet the appropriate British Quality Standards which set out the supplier's environmental standards. We will consider the potential suppliers recycling and disposal processes as part our reviews of their submissions and request they consider the donation of surplus materials/off-cuts to Islington's community buildings. We will further offer the incoming provider training in Making Every Contact Count (MECC) equipping them to signpost residents to appropriate services in times of need.
- 4.4.3. We will work in collaboration with Islington's iWork team to ensure the tenderers offers are of tangible local benefit such as the offering of apprenticeships and training opportunities to help local people gain employment in this industry.

- 4.4.4. A requirement for the payment of London Living Wage (LLW) will be included as a condition of this contract.
- 4.4.5. We will set-up a regular schedule of contract management meetings with the successful supplier ensuring key performance indicators are monitored and that we are gaining maximum value from the contract. We will work with the chosen supplier to explore ways to implement savings and reducing wastage throughout the life of the contract.
- 4.4.6. The potential for TUPE implications linked to this procurement are currently being considered by the council legal team and will be determined prior to the commencement of the tender exercise.

4.5. **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 proposed evaluation award criteria will be based on 50% cost and 50% quality ratio as outlined below.

50 % Cost

50 % Quality (broken down as below)

- 20% Proposed approach to Social Value
- 10% Proposed approach to Customer Service and Community Relations
- 10% Proposed approach to Environmental and Health and Safety issues
- 10% Proposed approach to quality assurance and efficiency in contract delivery.

4.6. **Business risks**

- 4.6.1. There is a risk that we are unable to source a suitable service provider who will be able to meet the specification requirements that we set out in our tender. Although this is considered to be a low risk, to mitigate this should it happen, we anticipate the existing provider would be able to continue to provide the current services pending a further review of our options.
- 4.6.2. Any risks associated with the day-to-day contract and performance management will be mitigated by the terms and conditions set up in conjunction with legal services and will be raised with the supplier at the earliest opportunity through regular contract monitoring meetings.
- 4.7. 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.

4.8. 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. Resident flooring scheme provision.	To supply and install agreed flooring to residential properties See section 4.1
2. Estimated value	The estimated value per year is £350,000. The agreement is proposed to run for an initial period of two years with two optional extensions (1 x two years and 1 x one year) – Maximum duration of 5 years See section 4.2
3. Timetable	The proposed timetable is set out within the body of the report. See section 4.3
4. Options appraisal for tender procedure including consideration of collaboration opportunities	The procurement route options considered are set out in the body of this report. Section 4.4
5. Consideration of: <ul style="list-style-type: none"> • Social benefit clauses; • London Living Wage; • Best value; • TUPE, pensions and other staffing implications 	Social Value forms 20% of our award criteria LLW will be a condition of the contract award. TUPE – may apply See section 4.5
6. Award criteria	The award criteria are documented in the body of this report. See section 4.6
7. Any business risks associated with entering the contract	The primary risks associated with this procurement and contract are set out in the body of this report. Section 4.7
8. Any other relevant financial, legal or other considerations.	As set out below. See section 5

5. Implications

5.1. Financial Implications

- 5.1.1. The current budget for the Resident carpet and flooring scheme is £350,000 per annum. The purpose of this scheme is to support residents who may not be able to afford the upfront costs of installing carpets or floorings in their properties by allowing them to spread the costs over a period, typically 3 to 5 years.
- 5.1.2. The costs for this service is fully recoverable from residents via an additional weekly charge on their rent account. As such, the scheme is considered cost neutral for the council. No financial pressure to the HRA is expected to arise should the recommendations of this report be approved.

5.2. Legal Implications

- 5.2.1. This report seeks approval to procure a contract for the council's tenants carpet and flooring scheme. The total value of the contract over the five-year period is £1,750,000.
- 5.2.2. This is an above threshold contract and will comply with the Public Contract Regulations 2015. The threshold for supplies and services contract is £213,477 and therefore this contract will be advertised on Find a Tender Service (FTS) in line with the Regulations. Officers wish to procure under Regulation 27 Open Procedure, permitting any interested economic operator submitting a tender response to the contract notice.
LBI constitution states that contracts between £500,000 - £2,000,000 revenue spend is a Key Decision and the Key Decision process must be followed. The authority to procure and Contract Award decisions can be taken by Corporate Directors

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

- 5.3.1. An Environmental Impact Assessment was submitted and reviewed by the Energy Services team in January 2023 and the mitigation measures such as recycling of leftover materials and the use of sustainable materials, were accepted with no concerns raised.

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. An Equalities Impact Assessment questionnaire was submitted to the council Equalities Team for review.
- 5.4.3. An Equalities Impact Assessment is not required in relation to this report, because there were no negative impacts identified for our service users.

6. Conclusion and reasons for the decision

- 6.1. The council needs to procure a contract with a suitable supplier to continue to provide the resident carpet and flooring scheme to council tenants across Islington.
- 6.2. It is recommended that a procurement exercise is undertaken using the open procedure to select the supplier for this service.

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.

Approved:

Acting Corporate Director of Homes and Neighbourhoods

Date: May 2023

Appendices:

- **EQIA screening tool**

Background papers:

- None

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