

Item No. N/A	Classification: Open	Date: 22 February 2024	Decision Taker: Strategic Director of Children and Adult Services, covering for the Strategic Director of Housing
Report title:		Gateway 3 – Variation Decision Removals, storage and disposal services contract	
Ward(s) or groups affected:		All	
From:		Project Officer, Strategy & Business Support	

RECOMMENDATION(S)

1. That the Strategic Director of Children and Adult Services, covering for the Strategic Director of Housing, approves the variation of the removals, storage and disposal services contract with Harrow Green Limited to extend the term of the contract for 12 months from 1 April 2024 for an estimated cost of up to £650k, making a revised estimated total cost of £1,950,000.

BACKGROUND INFORMATION

2. A contract for the provision of removals, storage and disposal services was awarded to Harrow Green for two years commencing on 1 April 2022 and is due to expire on 31 March 2024. The contract contains an option to extend by up to two years.
3. The existing contract provides services to the various council department service users who act on behalf of tenants and residents who may need personal items stored in the following circumstances:
 - a) where council tenant items remain in premises that have been made void, these items are moved into storage for a period of time after which, if unclaimed by the owner or not transported to alternative premises, the items are disposed of;
 - b) where council tenants are relocated and their items are removed and transported to new premises;
 - c) to remove and transport council office items within or between council premises;
 - d) to remove and transport items from schools when required;
 - e) to supply packing cartons and crates, pack and unpack items, dismantle and reassemble furniture, arrange disconnection and reconnection of gas and electrical appliances as instructed; and where crate hire services are required, include crates, file trolleys, IT crates, labels and roll cages.

4. The existing contract enables the council to deliver on its obligations to store goods left in its premises and to commission the transport of goods from one location to another such as when rehousing residents or decommissioning council facilities.

KEY ISSUES FOR CONSIDERATION

Key Aspects of Proposed Variation

5. The current contract is due to end on 31 March 2024. It is proposed the current contract with Harrow Green is extended from 1 April 2024 for a period of 12 months to 31 March 2025 at an estimated annual cost of up to £650k.

Reasons for Variation

6. In addition to paragraph 3 above, the council has a number of statutory obligations in respect of the removal and storage of tenant goods, including the (Local Government (Miscellaneous Provision) Act 1982 s.41, Torts (Interference with Goods) Act 1977 and Mental Health Capacity Act 2005). Section 48 of the National Assistance Act 1948 places a duty on the council to protect the moveable property of people admitted to hospital, or rest or nursing homes, and where it seems no other suitable arrangements can be made. Also there is a need for continued emergency services for the vulnerable such as victims of domestic violence in accordance with Part VII of the Housing Act 1996 and the Homeless Act 2002.

Future Proposals for this Service

7. Following this extension the council is likely to consider re-procurement for a further 12 month extension next year if Harrow Green Limited KPI targets are met.

Alternative Options Considered

8. The council has considered the following options:
9. **Do nothing** – this is not possible as it is essential that the council, as a landlord, meets its legal and statutory obligations.
10. **In-house service** – this option was explored and is not possible because at present, the council does not have the resources to undertake this service, which would require substantial investment to establish a storage facility and in staffing and vehicles.
11. **The Option to procure this service separately for the 12 month period** – This is not possible at present as there is insufficient time to carry out the re-procurement.
12. **Extend the contract by variation** – This is the most viable option. The option to extend the current contract for up to the period of 12 months is the most

suitable outcome given the need to ensure service continuity for our resident's needs.

Identified risks for the Variation

13. The table below identifies risks associated with this procurement, the likelihood of occurrence and controls in place to mitigate the risks:

R/N	Risk Identified	Risk Rating	Mitigation
R1	Risk of Insolvency for Harrow Green	Low	<ul style="list-style-type: none"> A credit check has been run and their score is satisfactory.
R2	Cost overrun/ underperformance	Low	<ul style="list-style-type: none"> Cost will continually be reviewed during the 12 months extension. An under performance will be managed within existing contractual Service Level Agreements (SLA) and KPI's.
R3	Brexit: leading to increased cost	Low	<ul style="list-style-type: none"> The services to be provided by the successful framework provider under the YPO Framework will be managed and hosted in the UK with no variance impact on the pricing model.
R4	Procurement challenge	Low	<ul style="list-style-type: none"> The current contract contains an express provision to extend by a period of 1+1 years. This variation is permitted under regulations 72(1)(a) of the Public Contracts Regulations 2015

Policy framework implications

14. The council has a number of statutory obligations in respect of the removal and storage of tenant goods, including the (Local Government (Miscellaneous Provision) Act 1982 s.41, Torts (Interference with Goods) Act 1977 and Mental Health Capacity Act 2005). Section 48 of the National Assistance Act 1948 places a duty on the council to protect the moveable property of people admitted to hospital, or rest or nursing homes, and where it seems no other suitable arrangements can be made.

15. The council storage and removals policy and procedure recognises that due process needs to be followed to store and protect goods left in empty properties while the owner is given notice that they must collect them. Under the current contract Harrow Green enables the council to deliver on its obligations to store goods left in its premises and to commission the transport of goods from one location to another, such as when rehousing residents or decommissioning council facilities.

Contract management and monitoring

16. The council's contract register publishes the details of all contracts over £5,000 in value to meet the obligations of the Local Government Transparency Code. The Report Author must ensure that all appropriate details of this procurement are added to the contract register via the eProcurement System.
17. The council's resident services team manage the current contract for various council departments to use. 147 internal users of the service were consulted for their feedback on the services provided by Harrow Green. Fourteen service users responded. The overall response showed that most service users (13) were satisfied with the professionalism and support provided by Harrow Green rating as excellent/very good/adequate.
18. Annual performance review will be undertaken in line with the council's Contract Standing Orders (CSO)

Community, equalities (including socio-economic) and health impacts

Community impact statement

19. With regard to the council's duties under the Public Sector Equality Duty and the Public Services (Social Value) Act 2012 this decision has been judged to have a limited impact on Council tenants, with no specific equality implications. Harrow Green will comply with the council's equality and diversity policy and all applicable equalities legislation.

Equalities (including socio-economic) impact statement

20. With regard to the council's duties under the Public Sector Equality Duty and the Public Services (Social Value) Act 2012 this decision has been judged to have a limited impact on Council tenants, with no specific equality implications. Harrow Green will comply with the council's equality and diversity policy and all applicable equalities legislation.

Health impact statement

21. The extension of this contract will have no negative health impacts on Southwark's Residents.

Climate change implications

22. Harrow Green's strategy is moving from Electric Vehicles (EV) to Alternative Fuel Vehicles (AFV) with the view that Hydrogen technology is increasing, and the automotive industry is funding research into synthetic fuels etc. Consequently, Harrow Green are in the process of replacing all fuel vehicles to electric vehicles. They have electric vehicles at Silvertown London, Leeds, Birmingham and Manchester Depot. Harrow Green have 23 Battery-powered

Electric Vehicles (BEV) and are expecting a 19 tonne Heavy Goods electric vehicle to be added to their fleet in May 2024.

23. Harrow Green were awarded the Planet Mark sustainability certificate, which certifies that they have achieved a reduction in their carbon footprint and are committed to continuous improvement in sustainability. Harrow Green has achieved a total carbon reduction of 20.6%, this has increased from 6.8% reported in February 2022. Harrow Green has achieved a 28% drop in carbon produced per employee (19.3 % per 250 employee reported in February 2022). Harrow Green are part of the Eden project and Carbon footprint..
24. Harrow Green work with local authorities and various charities within local communities where items have been recycled, redeployed, or donated, ensuring minimal wastage and a reduced environmental footprint. (See Appendix 1 Birmingham City Council Case Study).

Social Value considerations

25. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the wellbeing of the local area can be secured. The social value considerations included in the tender (as outlined in the Gateway 1 report dated 5 May) are set out in the following paragraphs in relation to the tender responses, evaluation and commitments to be delivered under the proposed contract.

Economic considerations

26. Harrow Green are aware of their commitment to engage with Southwark Works (an employment support service for Southwark residents) with regard to new apprenticeship positions but have not yet made any appointment under the new contract. As of October 2023 Harrow Green expressed their intention to engage with Southwark Works for an apprentice role in an upcoming marketing position.
27. To date no Southwark jobs have been sub-contracted. If a subcontractor is used in the future Harrow Green will act as a single point of contact and the sub-contractor will be one that is locally based. All Harrow Green's vehicles are serviced locally. Where possible Harrow Green source locally to reduce the council carbon footprint.

Social considerations

28. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, contractors and subcontractors engaged by the council to provide works or services within Southwark or Greater London pay their staff at a minimum rate equivalent to the LLW rate. Harrow Green meets the LLW requirements and contract conditions requiring the payment of LLW.

29. The contract currently supports the regeneration schemes in the council, such as Aylesbury in the Elephant and Castle area, north of the borough. The contract also supports the homeless and other vulnerable residents.

Environmental/Sustainability considerations

30. Harrow Green has an environmental programme and holds ISO14001 accreditation. On average the programme achieves 100% diversion from landfill, 70% re-use and 30% recycling, with a full audit trail and reporting service for all items. Harrow Green will endeavour to ensure that unwanted items are recycled, redeployed, or donated, ensuring minimal wastage and a reduced environmental footprint.

31. Harrow Green is certified with 'Planet Mark' (an environmental monitoring organisation) to measure and report on its carbon usage; environmental considerations will be incorporated into performance reporting, with an impact and assessment plan to be developed with contract-specific targets (See Appendix 2).

Financial Implications

32. The estimated contract value in the GW2 dated 9 March 2022 was £650k per year from April 2022 to March 2024 with an option to extend by up to two years, totalling £2.6m over four years and these costs can be met from existing budgets within Resident Services. The annual cost of the new contract is not expected to exceed current spend levels.

33. The contract value, with the 1 year extension, including and excluding VAT is:

	Cost excluding VAT	Cost inclusive of VAT
Original total cost	£1,300,000 (over 2 years 1/4/22 – 31/3/24)	£1,560,000
Total value of any previous variations	£0.00	£0.00
Value of proposed variation	£650,000	£780,000
Revised total cost	£1,950,000	£2,340,000

34. The table below shows the movement of costs since GW2:

	GW2	GW3	Variance
Estimated Cost per annum	£550,000 – £650,000 (1/4/2022 – 31/4/2024)	£650,000 (1/4/2024 – 31/3/2025)	£100,000
Estimated contract value	£2.2m - £2.6m (1/4/2022 – 31/4/2024)	£2,600,000 (1/4/2022 – 31/4/2026)	£400,000

35. The table below shows the actual spend profile to date:

	Previous Year's Spend 2022/23 (Q-1-Q4)	2023/24 (Q1 & Q2)	Total
	£425,828.71	£241,538.22	£667,366.93
TOTAL	£425,828.71	£241,538.22	£667,366.93

36. This reduction in anticipated cost is due to effective management of the sole contractor to deliver services in accordance with Southwark's processes, introducing greater monitoring of key performance indicators and verifying invoice submissions before arranging payments. However, due to inflation costs have risen from 2022/23 to 2023/24 and therefore the extension is requesting the upper limit within the GW2 report approval for the extension.

37. There is sufficient budget within the relevant departments, and costs are apportioned according to usage. Individual budget holders are responsible for ensuring they maintain sufficient budgets for their anticipated needs.

Consultation

38. Please refer to paragraph 17 of this report.

39. This report was produced in consultation with key relevant Officers and Users of the service.

Other implications or issues

40. None

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance

Finance Concurrent Reference Number: H&M 23/076

41. The report seeks an extension of one year to the contract for removals, storage and disposal services to Harrow Green at an estimated total cost of £650k. The financial implications of this report set out how the costs will be met and individual budget holders will need to be responsible in ensuring they maintain sufficient budgets for their anticipated needs.

Head of Procurement

42. This report seeks approval from the Strategic Director of Children's and Adults Services covering for the Strategic Director of Housing, approves the variation of the removals, storage and disposal services contract with Harrow Green Limited by 12 months from 1 April 2024 for an estimated cost of up to £650k, making a revised total cost of £1,95m.
43. The Strategic Director of Children's and Adults Services covering for the Strategic Director of Housing notes the reason for the variation is detailed in paragraph 6, the risks are detailed in paragraph 13, management and monitoring the contract is detailed in paragraphs 16 to 18, the impact in equalities, health and climate change is detailed in paragraphs 20 to 24, confirmation of the payment of London Living Wage is detailed in paragraph 28, there are NO additional social value commitments as part of this variation.

Assistant Chief Executive – Governance and Assurance (Ref Con/CD/20240205)

44. This report seeks the approval of the Strategic Director of Strategic Director of Children and Adult Services, covering for the Strategic Director of Housing, to the extension of the removals, storage and disposal services contract with Harrow Green Limited by a period of 12 months from 1 April 2024 at an estimated cost of up to £650k, making a revised estimated total cost of £1,950,000.
45. Paragraphs 5 and 6 of this report sets out the key aspects of the proposed variation and the reasons for the variation.
46. Regulation 72 (1)(a) of the Public Contracts Regulations 2015 permits contracts and framework agreement to be modified without a new procurement procedure where the modification irrespective of their monetary value, have been provided for in the initial procurement documents in clear, precise and unequivocal review clauses, which may include price review clauses or options, provided that such clauses:
- (i) State the scope and nature of possible modifications or options as well as the conditions under which they may be used, and
 - (ii) do not provide for modifications or options that would alter the overall nature of the contract or the framework agreement.
47. Paragraph 2 of this report confirms that the existing contract with Harrow Green contains a provision to extend by a period of up to two years. It is the council's intention to extend the contract in two 12 month increment, subject to Harrow Green meeting their KPI targets. The extension(s) will not alter the overall nature of the contract.

48. The council's Contracts Standing Order 2.3 requires that no steps are taken to vary a contract unless the expenditure involved has been included in approved revenue or capital estimates, or is otherwise approved by the council. Paragraphs 32 to 37 of this report outlines the financial implications of this variation.

PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS

Under the powers delegated to me in accordance with the council's Contract Standing Orders, I authorise action in accordance with the recommendation(s) contained in the above report (and as otherwise recorded in Part B below).

Signature:.....David Quirke-Thornton

Date:.....21/02/2024

Designation:.....Strategic Director of Children and Adult Services, covering for the Strategic Director of Housing

PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:

- 1) All key decisions taken by officers
- 2) Any non-key decisions that are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available (see 'FOR DELEGATED DECISIONS' section of the guidance).

1. DECISION(S)
As set out in the recommendations of the report.
2. REASONS FOR DECISION
As set out in the report.
3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION
None

4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION *

Not Applicable

* Contract standing order 6.6.1 states that for contract Variations with an Estimated Contract Value of £100,000 or more, the lead contract officer (LCO) must consult with the relevant cabinet member before the decision is implemented.

5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST

If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.

None

6. DECLARATION ON CONFLICTS OF INTERESTS

I declare that I was informed of no conflicts of interests.*

or

~~I declare that I was informed of the conflicts of interests set out in Part B4.*~~

(* - Please delete as appropriate)

Signature:.....David Quirke-Thornton
Date:.....21/02/2024
Designation:.....Strategic Director of Children and Adult Services, covering for the Strategic Director of Housing

BACKGROUND PAPERS

Background Papers	Held At	Contact
GW2-Open-Goods Storage Removal dated 9 March 2022 Decision - GW2 Procurement of Goods Storage and Disposal service contract - Southwark Council	Strategy and Business Support, Housing Department, Resident Services	Asha Mistry Project Officer Strategy & Business Support 0207 525 2710
GW1 – Procurement Strategy Report dated 5 May 2021 Decision - Gateway 1 Procurement Strategy Approval Removals, storage and disposal services - Southwark Council	Strategy and Business Support, Housing Department, Resident Services	Asha Mistry Project Officer Strategy & Business Support 0207 525 2710

APPENDICES

No	Title
Appendix 1	Birmingham City Council Case Study – Harrow Green
Appendix 2	Planet Mark_Certification Report_YE 2022

AUDIT TRAIL

Lead Officer	David Quirke-Thornton, Strategic Director of Children and Adult Services Covering the role of Strategic Director of Housing	
Report Author	Asha Mistry, Project Officer	
Version	Final	
Dated	06/02/2024	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance	Yes	Yes
Head of Procurement	Yes	Yes
Assistant Chief Executive – Governance and Assurance	Yes	Yes

Director of Exchequer (for housing contracts only)	No	No
Cabinet Member	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	No	No
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		21 February 2024