

Item No.:	Classification: Open	Date: 6 September 2016	Meeting Name: Strategic Director of Finance and Governance
Report title:		Gateway 1 and 2 Corporate Removals, Storage and Crate Hire Services for the Operational and Non- Operational Estate	
Ward(s) or groups affected:		All Wards	
From:		Head of Corporate Facilities Management	

RECOMMENDATIONS

1. That the strategic director of finance and governance retrospectively approves the single supplier procurement strategy for Corporate Removals, Storage and Crate Hire Services for the Operational and Non-Operational Estate (Corporate Removals) for the period 01/07/2015 to 30/11/2016.
2. That the strategic director of finance and governance retrospectively approves the contract award for Corporate Removals for the period 01/07/2015 to 30/09/2016 to Benjamin Oswald Ltd, Crown Promotions and Removals Ltd and Harradines Removals Ltd at an estimated cost of £914,400.
3. That the strategic director of finance and governance approves the contract award for Corporate Removals for the period 01/10/2016 to 30/11/2016 to Benjamin Oswald Ltd, Crown Promotions and Removals Ltd and Harradines Removals Ltd at a total estimated value of £34,300.
4. That the strategic director of finance and governance should note that two of the awards will be effected by way of deed of variation and one of the awards will be effected by way of an agreement.

BACKGROUND INFORMATION

5. Currently, there are three contracts providing Corporate Removals with Benjamin Oswald Ltd (Benjamins), Crown Promotions and Removals Ltd (Crown Promotions) and Harradines Removals Ltd (Harradines) (the incumbent providers). These contracts commenced on 1 June 2005 for a period of five years with the option to extend for two twelve month periods at the council's discretion.
6. These contracts provide the following services: office relocations, crate hire, tenant moves, temporary storage of tenant's belongings and disposals.
7. The actual spend from the start date of the contracts (1 June 2005) to 31 May 2012 was £3.5M.
8. The contracts expired on 31 May 2012 and approval was given via a combined Gateway 1&2 report to put new interim contracts in place with the three incumbent providers for the period 1 June 2012 to 30 June 2014 by way of variation to the existing contracts. The actual spend from 1 June 2012 to 30 June 2014 was £1m.

9. As the current contracts were due to expire on 30 June 2014, a combined gateway 1&2 report was approved to extend these contracts for a period of six months from 1 July 2014 to 31 December 2014, with the option to extend further for two periods of three months at the council's discretion by way of variation to the existing contracts. The actual spend during this period was £678,400k.
10. Initially, a Gateway 1 report was approved in June 2014 to replace the existing contracts with a supplier procured via a third party framework which was undertaken by the council's resident services team.
11. In September 2014, it is understood that the resident services team could no longer continue with this third party framework as it transpired that it no longer met the council's requirements, as explained in paragraph 16 below and alternative options were considered. Options considered by the resident services team were feasibility of bringing the service in-house or procuring a new service through a competitive tendering process.
12. As the current contracts were due to expire on 31 December 2014, extension letters were issued to the three incumbent providers utilising the six month extension option from 1 January 2015 to 30 June 2015. Although formal approval was not obtained, the six month extensions were allowed for and were therefore utilised.
13. Approval is now sought retrospectively for the procurement strategy for the Corporate Removals services from 01/07/2015 to 30/11/2016.
14. Approval is now sought retrospectively for the contract award for Corporate Removals services from 01/07/2015 to 30/09/2016 to Benjamins, Crown Promotions and Harradines in the estimated sum of £914,400k.
15. Given that the resident services team are procuring a new contract via a third party framework (approval via a Gateway 1 report approved on 27 July 2016), approval is sought for the contract award to the three incumbent providers for Corporate Removals from 01/10/2016 to 30/11/2016 at a total estimated value of £34,300k.

Summary of the business case/justification for the procurement

16. The council has a number of statutory requirements which means the council needs to provide removal and storage services including the (Local Government (Miscellaneous Provision) Act 1982 section 41 and Torts (Interference with Goods) Act 1977 and Mental Health Capacity Act 2005) which place certain duties on the council in regard to how resident's possessions are dealt with.
17. It is understood that a review was undertaken by the resident services team to find alternative solutions for the procurement of a new contract and to deal with the issues of storage. However this review suffered numerous delays and set backs, and didn't appear to be achievable and therefore the three incumbent providers continued to provide the necessary services under their existing contracts in order to provide service continuity.
18. The primary aim of this contract award (1/10/2016 to 30/11/2016) to the three incumbent providers is to enable all items received up to 1/10/2016 to be stored and disposed of in the usual way whilst assisting the new provider on its exit

strategy to remove any items held in storage by 30/11/2016. All three existing contracts will be varied so that the existing providers will only store and dispose of items from 01/10/2016 to 30/11/2016 whilst the new provider removes any storage held. However, a new agreement needs to be put in place with Benjamin Oswald Ltd as the original contractor, Benjamin Oswald (UK) Holdings Ltd, was dissolved in March 2015 and as such, the services have continued to be provided (albeit by a different legal entity).

Market considerations

19. As outlined above, attempts to use a framework were not successful and for these procurements, wider market engagement was not considered as there was a need for continuity of service and therefore the existing contracts continued with the three incumbent providers whilst the resident services team explored a new procurement option.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

20. Doing nothing option was considered but rejected because the council needs to have a facility for the provision of Corporate Removals in order to fulfil the council's statutory requirements.
21. Use of a framework had been discounted at this stage, following the failure to agree terms using the previous framework.
22. It was not possible to bring the service in-house given the feasibility review that the resident services team undertook due to the level of capacity in the council.

Procurement route followed

23. Single supplier negotiations have been held with the three incumbent providers to modify their contracts from 1/10/2016 to 30/11/2016 for storage / disposal services and to facilitate the new provider on its exit strategy to remove items in storage by 30/11/2016. All new orders will be placed through the new contract that the resident services team aim to have in place on 1/10/2016.

Future proposals for this service

24. The resident services team have sought approval via a Gateway 1 report to procure a new contract via a third party framework to be in place on 1/10/2016. This new contract will be for a period of three years with the potential to extend up to a further 2 years (in increments at the council's discretion).

Identified risks for the procurement

25. The table below identifies risks associated with this procurement strategy and controls to mitigate the risks.

Risk No.	Risk Identified	Risk level	Mitigation
R1	Possible risk of challenge for not undertaking EU	Low	This is a relatively short contract and service continuation is required to allow a new

	procurement.		procurement to be undertaken. Regulation 72(1)(e) of the Public Contracts Regulations 2015 (PCR 2015) will be relied upon for this negotiation.
R2	Procurement process for replacement arrangements becomes delayed	Low	The project management of the procurement process will ensure that adequate service provision is in place.
R3	The incumbent providers cease trading, goes into administration or liquidation	Low	A recent credit check, which is scored out of 100, indicates that Crown Promotions scored a Delphi rating of 100 and Harradines scored a Delphi rating of 68 and Benjamins scored a Delphi rating of 85. Should it be necessary, the remaining providers will be capable of picking up the extra work load, noting that a new contract is planned to commence on 1/10/2016.

Key /Non Key decisions

26. This report deals with a key decision.

Policy implications

27. These contracts will support departments who need to make use of this service in line with the council's standards/protocols. In addition, effective delivery of the contracts will contribute to the council's priorities of transforming public services, improving customer service and improving the management of the council's resources.

Procurement project plan (Key decisions)

Activity	Complete by:
DCRB Review Gateway 1 and 2	11/08/2016
CCRB Review Gateway 1 and 2	18/08/2016
Single supplier negotiations	04/07/2016
Notification of forthcoming decision	01/09/2016
Approval of Gateway 2 : Contract award report	09/09/2016
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision (If GW2 is key decision)	19/09/2016
Contract award	26/09/2016
Add to contracts register	27/09/2016
Place award notice on contracts finder	28/09/2016
Contract start	01/10/2016
Contract completion date	30/11/2016

TUPE/Pensions implications

28. It was considered and agreed that TUPE did not apply.

Development of the tender documentation

29. Benjamins, Crown Promotions and Harradines have all confirmed that they will execute the necessary documentation to modify their current contracts from 1/10/2016 to 30/11/2016 for storage/disposal services only and to facilitate the new provider on its exit strategy to remove items in storage by 30/11/2016.

Advertising the contract

30. Not applicable.

Evaluation

31. Not applicable as varying the current contracts. All three incumbent providers have provided a high quality of service to date.

Community impact statement

32. This decision has been judged to have no or a very small impact on local people and communities, however local suppliers will be sought to reduce costs, environmental impacts and support and build the local Southwark economy.

Sustainability considerations

33. The Public Services (Social Value) Act 2012 requires the council to consider a number of issues including how what is proposed to be procured may improve the economic, social and environmental well-being of the local area. These issues are considered in the following paragraphs which set out economic, social and environmental considerations.

Economic considerations

34. The full cost of this service for the required period is set out in the financial implications.

Social considerations

35. Benjamins, Crown Promotions and Harradines have confirmed that all relevant staff is paid at least the London Living Wage rate.

Environmental considerations

36. Paper, furniture and other waste will be disposed of in a sustainable way and in line with the council's waste policy. All supplier vehicles are compliant with current regulations in terms of emissions.

Plans for the monitoring and management of the contract

37. Monitoring and management arrangements already exist and will continue in accordance with the provisions of the current contracts. These arrangements include:

- Monitoring budget spend and compiling monthly spend profile reports.
- Checking invoices for accuracy.
- Providing a robust single point of contact for end users.
- Proactively responding to complaint and service improvement requests.
- Chairing monthly contractor performance monitoring meetings.
- Ensuring contractor monthly reports are received timeously.

Staffing/procurement implications

38. The contract will be monitored by the CFM team.

Financial implications

39. This report seeks retrospective approval for contracts that commenced on 1 July 2015. Actual costs are known from that time to date and have been used to form a view on the estimated cost to 30 November 2016 producing an overall contract value of circa £1m for a 17 month period.

40. The cost of these contracts will continue to be met by the departments through a process of re-allocation.

Legal implications

41. Please see the supplementary advice from the director of law and democracy.

Consultation

42. The incumbent providers and the resident services team have been consulted.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (H&M16/032/fh)

43. The strategic director of finance and governance notes that this report is requesting the retrospective approval for corporate removals services to Benjamin Oswald Ltd, Crown Promotions and Removals Ltd and Harradines Removals Ltd with an overall contract value of circa £1m for a 17 month period.

Head of Procurement

44. This report is seeking retrospective approval for the procurement strategy and award of contracts for removals, storage and crate hire services and award for a further period of 2 months with the incumbent providers.

45. The reason for the retrospective decision is to provide continuity of service as the council had not prepared a procurement strategy to implement a new contract, resulting in the need to extend the existing contract.

46. A separate procurement process to provide these services going forward has now been carried out and a new contract is due to start on 1/10/16. This report

advises that the recommended 2 month period from 1/10/16 is being used to facilitate the transfer of goods into the new suppliers' facilities.

47. It is expected that the exit strategy is monitored closely to ensure a smooth transition process from these contracts to the new service provider.

Director of Law and Democracy

48. This report seeks the retrospective approval of the strategic director of finance and governance for the procurement strategy and contract award for Corporate Removal services and contract award for a 2 month period (01/10/2016 to 30/11/2016), as further detailed in paragraphs 1-3.
49. The nature and value of this service is such that it is subject to the tendering requirements of the Public Contracts Regulations 2015 (PCR 2015). Regulation 72(1)(e) of PCR 2015 permits contracts to be modified, irrespective of their value, if modification is not substantial. The justifications for relying on regulation 72 are noted in paragraphs 6-15. The strategic director is advised that when relying on any ground for exemption from the requirements of PCR 2015, there is a potential risk of challenge on the basis that the council does not have sufficient grounds to justify negotiations in these circumstances. However, given a failed procurement exercise, the fact that the modification is not substantial and the need for items to be stored and disposed of in the usual way whilst assisting the new provider on its exit strategy and that a new contract will commence on 1 October 2016, it is considered that the risk is low.
50. It is confirmed that this report has been submitted to the relevant departmental contract review board and will be submitted to the audit and governance committee as required by contract standing orders (CSO) 4.8.
51. As the procurement strategy and contract award fall within the circumstances noted in CSO 4.5.2(c) and 4.6.2(c), the decision is reserved to the strategic director of finance and governance, after consideration by the corporate contract review board.
52. CSO 2.3 requires that no steps should be taken to award a contract unless the expenditure has been approved. Paragraphs 39-40 confirm the financial implications of this award.

FOR DELEGATED APPROVAL

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.

Signature



Date 14-9-16

Duncan Whitfield, Strategic Director of Finance and Governance

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Contract File	CFM, 2 nd Floor Hub 4, 160 Tooley Street, London, SE1 2QH	Ray Hoosen Ext 53303

APPENDICES

No	Title
	Not Applicable

AUDIT TRAIL

Lead Officer	Barbara Crabb, CFM Head of Contracts	
Report Author	Ray Hoosen, CFM Contracts Officer	
Version	Final	
Dated	6 September 2016	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Democracy	Yes	Yes
Cabinet Member	No	No
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	No	No
Date final report sent to Constitutional /Community Council/Scrutiny Team		