

Item No.	Classification: Open	Date: 1 December 2020	Decision Maker Name: Cabinet Member for Housing
Report title:		Gateway 1 Procurement Strategy Approval Main contractor procurement: Major building works and fire remedial works schemes	
Ward(s) or groups affected:		All	
From:		Strategic Director of Housing and Modernisation	

RECOMMENDATIONS

That the Cabinet Member for Housing:

1. Approves the procurement strategy outlined in this report for multiple minor works contracts through the South East Consortium (SEC) internal and external building works framework and fire remedial works framework for various major building works and fire remedial works schemes for a maximum estimated total value of £14.5m commencing January 2021 for a period of 2 years.
2. Approves an exemption from contract standing orders 6.5.2(h) requiring consideration of approval reports by the relevant DCRB for works being instructed through these SEC frameworks.
3. Notes that the Strategic Director of Housing and Modernisation will take the decisions for the major building and fire remedial works being instructed through the SEC frameworks in line with his scheme of delegation as further detailed in paragraphs 12 and 13 below.
4. Notes that the council became a member of the SEC Group on 16 December 2019 for an annual fee of £10k.

BACKGROUND INFORMATION

5. The scope of works for this procurement strategy are:
 - major building refurbishments to meet the council's Quality Homes Improvement Programme (QHIP);
 - fire protection works including intrusive surveys;
 - mechanical and electrical installations, electrical testing, remedial works and re-wiring; and
 - internal and external works to the council owned estates.
6. Currently, major building and fire remedial works are delivered through three partnering contracts as detailed in paragraph 8 below and through

the council's own major works constructor framework (MWCF) consisting of four Lots as detailed in paragraph 9 below.

7. As the MWCF was due to expire on 15 February 2020 and to ensure arrangements were in place to deliver major building works, cabinet approved a 12-month extension for Lots 1, 2 and 3 via a GW3 report on 17 December 2019 giving a new expiry date of 15 February 2021. As Lot 4 was never used, it was not extended and any electrical works required is procured under Lots 1 and 2. As the three partnering contracts were due to expire on 13 June 2020; cabinet approved a 2 year extension via a GW3 report on 16 June 2020 giving a new expiry date of 13 June 2022.
8. The table below lists the three partnering contractors together with the contract areas that they cover within the borough and estimated annual spend. It should be noted that contract area 1 (Borough and Bankside and Walworth) and contract area 2 (Bermondsey and Rotherhithe) are dealt with under the MWCF by the framework operators.

Partnering Contracts		
Contractor	Contract areas	Est. Annual Spend
Engie Regeneration Ltd	<u>Contract area 3</u> Camberwell and Peckham	<u>£50m</u>
A&E Elkins Ltd	<u>Contract area 4</u> Nunhead, Peckham Rye and Dulwich	<u>£25m</u>
Saltash Enterprises Ltd	<u>Contract area 5</u> Borough-wide, street properties, temporary accommodation and major voids	<u>£15m</u>

9. The table below lists the MWCF appointed framework operators under Lots 1, 2 and 3 together with the works that each Lot provides and estimated annual spend:

Major Works Constructor Framework (MWCF)			
Lot	Description	Framework Operators	Est. Annual Spend
1	Main building works (low value schemes up to £3.5m)	<ul style="list-style-type: none"> • A&E Elkins Ltd • Architectural Decorators Ltd • Niblock (Builders) Ltd • Saltash Enterprises Ltd 	£50m

		<ul style="list-style-type: none"> • Standage & Co. Ltd 	
2	Main building works (high value schemes over £3.5m)	<ul style="list-style-type: none"> • Axis Europe Plc • Durkan Ltd • Engie Regeneration Ltd • Mears Ltd • Mulalley & Co. Ltd 	£75m
3	District mains, boilers and internal works	<ul style="list-style-type: none"> • BSW Heating Ltd • K&T Heating Services Ltd • MSP Housing Ltd • Staple-Tech Ltd • Vital Energi Utilities Ltd 	£10m

10. The council intends to procure four major building works contracts via an EU restricted procedure which was approved by cabinet via a GW1 report on 21 July 2020. A PIN was published on 8 September 2020 to gather market intelligence of when best to tender, due to the Covid-19 pandemic, and aims to tender in October/November 2020. Asset management's estimated annual spend is for all capital work contracts is £100m.
11. Given the unprecedented Covid-19 pandemic and the significant impact the procurement of the four major building works contract will have on resident consultation and delivery, the GW1 report, referenced in paragraph 10 above, sets out the council's intention to look at a number of other options to deliver major works to give residents more choice and to ensure best value for each work package of which access to these external SEC frameworks is an option.
12. The Strategic Director of Housing and Modernisation has delegated authority to award contracts up to £10m for works for each scheme under the SEC frameworks following mini-competition, which would cover the majority of awards from the SEC frameworks. A specific gateway report will be produced for each scheme and will be signed off by the Director of Asset Management and the Strategic Director of Housing and Modernisation but without the need for the separate gateway reports to be considered at DCRB. Schemes valued at £2m or more will require finance, legal, procurement and exchequer sections to be included.
13. Each individual scheme, if a key decision in itself, will be put on the council's forward plan. This will help achieve the benefits of cost efficiency, speed of works and flexibility that the SEC frameworks are designed to accomplish. Asset management will also keep a register of all the schemes mini-competed via the SEC frameworks.

Summary of the business case/justification for the procurement

14. “Southwark Housing Strategy to 2043” is a complex programme encompassing the following commitments, in addition to the 11,000 new council homes, which will be delivered solely by the housing department:
 - a. Refurbishment of existing housing stock including the commitment to ensuring decency with renewal of kitchens, bathrooms and heating whilst ensuring blocks are safe; and
 - b. Roof top homes and extensions to existing housing stock.
 - c. Refurbishment and upgrades of operational non-residential buildings attached to housing blocks.
15. The “Southwark Housing Strategy” is planned to be reviewed in 2020 to incorporate other business objectives such as working towards carbon zero and to incorporate recommendations from the Grenfell Report. The Strategy will set out priorities and affordability for these business objectives and it is essential that the council has a diverse range of delivery routes in place to provide flexibility to meet any future requirements.
16. This proposed procurement, the development of an in-house construction management team and the procurement of four major building works contracts provides the council with the flexibility it needs to deliver building works and gives real choice to its residents whilst providing benchmarking across the options.
17. Brexit may have an impact on the construction industry especially around skills shortages, import and export of materials and potential changes to regulations and standards. Access to the SEC frameworks will assist in mitigating potential impacts by giving the council a broad spectrum of contractors to tender for its major building and fire remedial works.

Market considerations

18. It is important that the council has maximum flexibility when deciding on its delivery models for its major building and fire remedial works. Whilst the partnering contracts and MWCF noted in paragraphs 8 and 9 are good delivery models, ensure value for money and fairer futures, given the Covid-19 pandemic, the council needs to consider as many delivery models as possible to ensure that major building and fire remedial works are delivered to its housing stock. It also provides residents with a greater say, and choice on delivery of major building works for their estate.
19. Asset management carried out market research to identify what competitively tendered in line with EU Regulations external frameworks were available to use as the advantage of using an external framework is a reduction in initial procurement timescales, flexibility with delivery of schemes, act as a benchmark for similar component costs such as

kitchens, bathrooms, roofs, etc. and enable small medium enterprises (SMEs) opportunities to respond to mini-competition exercises.

20. The market research concluded that there are a number of external frameworks procured for these types of works which offer a range of services to assist with call off contracts. However, asset management require flexibility to select a framework that provides a combination of a multidiscipline contractors and/ or specialist that deliver individual work streams such as windows and fire remedial works. Asset management contacted two framework providers, SEC and LHC Group (LHC), to check if they had any frameworks suitable to use as the council is a member of SEC and the council has recently worked with LHC collaboratively on other projects. SEC has 16 frameworks in place that the council could use that offers complete multidiscipline major building works and individual work stream specialisms such as fire remedial works. SEC also offers 20 bespoke training courses to the council each year and further discounted courses. LHC also have major building works contracts but lack fire remedial works but are willing to work with the council on a collaborative approach to procure a framework.
21. Phase 1 of the Grenfell Report has been published and future major building works contracts need to incorporate any new legislative requirements that are expected to come into force in the summer of 2020.

COVID-19 IMPACT

22. Covid-19 has had an impact on the construction industry. At this time it is difficult to predict the full extent but the council has identified this as a major risk as detailed in the table contained in paragraph 29.
23. To meet the challenges of Covid-19 the construction industry is adopting new ways of working including;
 - a. arrangements for travelling to and from site and incorporating these in detailed risk assessments;
 - b. operating social distancing on sites and working in occupied properties and communal areas;
 - c. longer contract periods due to reduced numbers of personnel on site to ensure social distancing is maintained; and
 - d. ensuring payments are prompt and distributed through the supply chain.
24. These challenges will have an impact on how bidders tender for works and it is likely to impact on the price, which will need to be monitored to ensure the Southwark Housing Strategy is sustainable.
25. As part of this procurement process the successful contractor(s) will need to be monitored and have financial checks and due diligence carried out.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

26. The nature and value of these works means that the full tendering requirements of the Public Contract Regulations 2015 and Public Sector Directive 2014/24/EU would apply. As this is an additional option to the delivery of major building and fire remedial works that is currently being provided under the three partnering contracts and MWCF and to the procurement strategy approved by cabinet detailed in paragraph 10, the following options were considered:

- A. Do nothing – this is not possible due to the council’s commitment to deliver major building and fire remedial works to its housing stock and it would make it extremely difficult for housing to deliver on its additional commitments in the “Southwark Housing Strategy to 2043” strategic report.
- B. In-Source – in addition to the council’s in hour repairs and voids service delivered by Southwark Building Services (SBS), the council intends to explore how it can deliver major building work projects by using an in-house construction team to manage a dedicated SME supply chain that provides opportunities to local businesses. The in-house construction team will provide surveying, site management and quality control services to the SME supply chain.

A business case to deliver this is currently being prepared setting out the structure of the team, costs, timescales for implementing and the procurement of its supply chain which will be presented to Housing and Modernisation senior management team and relevant cabinet member in the winter of 2020. It is envisaged that this will commence on small projects first and be an option for dealing with street properties and small independent blocks.

- C. External Framework Use– SEC frameworks:

SEC are a not for profit social housing procurement consortium known as the South East Consortium constituted by an agreement between its members. The benefits to the council being a member of SEC are:

- access to 16 compliant frameworks which are all EU compliant and save time and money when procuring works;
- free to access the frameworks. Imposes a levy/commission of 1.5% to members which is part of the tender return sum;
- SEC complete regular due diligence on these frameworks;
- access to SEC data, cost information and specifications – to assist with benchmarking and ensuring specifications are up to date;
- provision of procurement and technical advice around framework access when required;

- options for SEC to administer and assist with evaluation of individual mini-competitions;
- provision of assistance to attend pre-contract and 12 monthly review meetings with appointed contractors thereafter to ensure compliance with the framework;
- provision of a range of high quality training sessions on contract administration, public procurement, S20, regulatory regime and TUPE;
- hosting member focused roundtables on some of the social housing sectors most talked about and challenging issues;
- provision of free benchmarking questionnaires to examine what other social housing providers are doing; and
- allows the council, as a member, to shape its requirements into future frameworks; and recommend new frameworks that are required.

The two proposed SEC frameworks are:

- Internal and External Buildings Works:
 - awarded on 23 October 2019 and runs for 4 years expiring on 22 October 2023 – OJEU Ref: 2019/S 078-184728;
 - split into 6 lots – Lot 1a - major refurbishment under £1m, Lot 1b – major refurbishment over £1m, Lot 2 - kitchens and bathrooms, Lot 3 - windows and doors, Lot 4a – combined roofing, Lot 4b - flat roofing, Lot 4c - pitched roofing, Lot 5 - electrical testing, remedial works and re-wiring and Lot 6 - internal and external decorations/repairs.
 - appointed contractors are ranked under each lot - Lot 1a has 11, Lot 1b has 12, Lot 2 has 10, Lot 3 has 8, Lot 4a, b and c has 8, Lot 5 has 8 and Lot 6 has 10.
 - routes to call off – direct award or mini competition.
- Fire Remedial Works
 - awarded on 20 February 2018 and runs for 4 years expiring on 19 February 2022 – OJEU Ref: 2017/S228-474512;
 - split into 4 lots – Lot 1 – passive fire protection; Lot 2 – fire alarm systems; Lot 3 – sprinkler systems and Lot 4 combination of Lots 1 to 3.

- appointed contractors are ranked and split into regions (the South East, Greater London and the rest of England and Wales) under each lot - Lot 1 has 7, Lot 2 has 6, Lot 3 has 7, Lot 4 has 8.
 - 2 routes to call off – direct award or mini competition.
27. The use of the SEC frameworks will provide an extra viable option to deliver major building and fire remedial works and this option is proposed.

Proposed procurement route

28. The proposed procurement option is to access the SEC frameworks (Option C) using the mini competition route which will allow the council to use the individual frameworks and lots as referenced above in paragraph 26.
29. On 20 August 2020 the Head of Corporate Facilities Management confirmed that it had no requirement to use the two SEC frameworks.
30. The SEC frameworks will be used to tender a number of projects. It is anticipated that;
 Up to 50 fire remedial packages with an onsite duration ranging between 6 to 36 weeks and with an estimated value range between £80k to £500k.
 Up to 6 Quality Home Improvement Programme (QHIP) projects with an onsite duration not exceeding 16months and an estimated value up to £2m per contract.
31. The steps to be taken under the SEC frameworks are: (1) the council completes an SEC project initiation document for each scheme setting out its requirements; (2) the council drafts individual scheme specifications, pricing documents, terms and conditions, quality questions and key performance indicators (KPIs); (3) SEC provide template tender document for council to use and complete; (4) SEC contact the appointed contractors to seek an expression of interest to tender and provide the council with feedback; (4) each individual scheme tender documents are reviewed by the council and SEC prior to upload to the council's portal system; (5) SEC facilitate the tender process on the council's portal system for each individual scheme i.e. upload the tender documents, monitor clarification process, download tenders received and distribute for evaluation; (6) SEC to facilitate with each individual scheme evaluation process i.e. moderate, collate scores, prepare specific tender reports and feedback; (7) the council obtains approval for award for each individual scheme as detailed in paragraph 12 above; (8) the council prepares and issues each individual scheme award letter(s) and contract award notice(s); (9) the council formalises contract(s); and (10) the council keeps a register of all individual schemes tendered under the SEC frameworks.
32. The compliance and risk-based checks detailed in paragraph 25 would also be supported by the SEC's framework management role.

Identified risks for the procurement

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

R/N	Risk Identified	Risk Rating	Mitigation	Post mitigation Risk Rating
R1	Lack of interest in mini-competition exercises	Low	SEC will send the framework contractors an expression of interest email prior to tendering and facilitate each scheme procurement process in line with EU procurement regulations and its operational framework rules to ensure that the procurement process is robust and compliant and produces desired results.	Low
R3	The contractors fail to deliver works.	Medium	The council will test the quality of each framework contractor as part of the individual scheme tender evaluation and will monitor the framework contractors through key performance indicators. SEC will provide the council with an update on reviews they carry out on the framework contractors' performance under the SEC frameworks to ensure they are meeting their framework obligations.	Low
R4	Risk of challenge by leaseholders.	Medium	Consultation with leaseholders will be arranged for each individual scheme. This will require notice of intentions and proposals to be issued.	Low
R5	Framework contractors cease trading, go into	Medium	Appropriate financial checks will be undertaken	

	administration/liquidation.		prior to each contract award placed under the SEC frameworks. SEC will also provide regular checks on framework contractors' financial status and quality performance.	Low
R6	Covid-19 pandemic	Medium	Review framework contractors' financial standing pre and post individual scheme tendering. Monitor updates on government guidance. Review of working practices for construction sites operating social distancing measures.	Medium
R7	Brexit implications	Medium	Officers will monitor government guidance as this may have an impact around skills shortages, import and export of material and potential changes to regulations and standards.	Medium
R8	Insufficient interest in tendering from framework contractors.	Medium	SEC will facilitate initial expression of interest and ensure a good response from the framework Lot	Low

34. A performance bond will not be required for individual scheme contract awards. The SEC framework allows for retention of monies to be held until satisfactory completion of the works. A parent company guarantee will be required for each individual scheme if the successful framework contractors have a parent company/ultimate company.

Key /Non Key decisions

35. This report deals with a non key decision.

Policy implications

36. This report relates to the delivery of council targets contained in the "Southwark Housing Strategy to 2043".
37. The delivery of projects through the SEC framework fits with the council's objectives as outlined in the fairer future commitments, specifically:
Theme 1: A place to call home

Theme 2: A place to belong
 Theme 3: A greener borough
 Theme 4: A full employment borough
 Theme 7: A safer community

38. These contracts will also contribute to the current Council Plan 2018 to 2022 and fairer future commitments.

Procurement project plan (Non Key decisions)

39. A draft outline plan is included below which sets out the anticipated timescales for key activities that will take place during for individual schemes to be tendered.

Activity	Complete by:
DCRB Review Gateway 1:	28/09/2020
Brief relevant cabinet member (over £100k)	16/11/2020
Approval of Gateway 1: Procurement strategy report	06/10/2020
Notice of Intention (applies to Housing Section 20 Leaseholder consultation only) – each scheme	40-50 days
Completion of tender documentation (each scheme)	Six weeks
Expressions of interest to framework contractors (each scheme)	1-2 weeks
Invitation to tender (each scheme)	0 weeks
Closing date for return of tenders (each scheme)	30 days
Completion of clarification meetings (each scheme)	1 week
Completion of evaluation of tenders(each scheme)	2-3 weeks
Notice of Proposal (applies to Housing Section 20 Leaseholder consultation only) - each scheme	40-50 days
Forward Plan (if GW2 is key decision) (each scheme)	0 weeks
Notification of forthcoming decision	5 working days
Approval of Gateway 2: Contract Award Report (each scheme)	1-2 days
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision (If GW2 is key decision) (each scheme)	5 working days
Contract award (each scheme)	1 week
Add to Contract Register (each scheme)	1 week
TUPE Consultation period (if applicable)	
Place award notice on Contracts Finder (each scheme)	30 days

Activity	Complete by:
Contract start (each scheme)	Not applicable
Initial Contract completion date	Not applicable

40. These timings are indicative for each scheme that will be undertaken following approval of this report assuming it is safe to proceed. All procurements will have different dates.

TUPE/Pensions implications

41. There are no TUPE implications for the council as an employer as there are no, nor will there be, council employees undertaking the works to be procured through the SEC framework .
42. TUPE should not apply to the appointment of a contractor on a call-off contract to deliver the Fire Remedial Works as this will be a new contract for discrete works and there is not currently nor will there be an existing contractor delivering those works. TUPE should not apply on the expiry of that contract as the works will have been completed. However, the position will need to be reviewed in the event that during the course of that contract the council has to appoint a replacement contractor or brings the work in-house or if a contractor appoints a replacement sub-contractor during the course of any relevant sub-contracted works.
43. The appointment of a contractor on a call-off contract to deliver internal or external works for the council's QHIP programme and associated projects will run in parallel with the ongoing partnering contracts referred to paragraph 8. Each call-off contract from the SEC framework will be a new contract for discrete works and so there will be no existing contractor delivering those works. TUPE should not apply on the expiry of each contract as the works will have been completed. However, the position will be reviewed if (and which is considered unlikely) (a) during the course of a call off contract the council has to appoint a replacement contractor or brings the work in-house or if a contractor appoints a replacement sub-contractor during the course of any relevant sub-contracted works;(b) the risk of an ongoing service provision evolves; or (c) works for the council's QHIP programme and associated projects cease to be delivered under the ongoing partnering contracts.

Development of the tender documentation

44. As the council is a member of the SEC Group, SEC will facilitate each individual scheme tender exercise through the council's portal system.
45. SEC will provide the following services for each individual scheme tendered:

- Project scoping based on completion of individual scheme project initiation documents;
- Provide a suite of template tender documents to complete for each individual scheme tender exercise;
- Facilitate and contribute overview of individual scheme specification, pricing document, quality questions and KPIs;
- Run expressions of interest to framework contractors for individual schemes and feedback to the council;
- Facilitate and manage the individual scheme mini-competitions via the council's e-portal system;
- Assist and contribute to individual scheme evaluations; and
- Collate evaluation results and prepare individual scheme tender reports.

46. In addition, workshops will be held with project officers and the council's legal and procurement advisors to ensure the project initiation document and tender documentation meets the council's requirements. For each individual scheme, the council's standard amendments to Joint Contracts Tribunal (JCT) Minor Works 2016 will be used.

Advertising the contract

47. There is no need to advertise separately as this was already done when the SEC frameworks were set up.

Evaluation

48. These SEC frameworks were evaluated against a 60:40 quality/price weighted model. The SEC frameworks allow the council when carrying out individual scheme mini-competitions to set its own weightings and evaluation criteria and allow a variance of +/-10% weighting for both price and quality.
49. The council proposes to evaluate tenders using a weighted model ranging between 40:50:10 quality/ price/ social value and 45:55 quality/ price where appropriate.
50. SEC will send individual scheme expressions of interest to the framework contractors prior to individual scheme tendering upon receipt of completed individual scheme project initiation document.
51. The appointed framework contractors under the two proposed SEC frameworks are ranked and set out in Appendix 2 (attached to this report).
52. Two evaluation panels, one reviewing price and the other quality, will evaluate the individual scheme tenders. SEC will assist and facilitate with this process.
53. The combined quality and price score will be used to rank the framework contractors and SEC will prepare the tender report showing the details of

the evaluation of the individual schemes. The successful framework contractor with the highest overall combined score will be notified and any unsuccessful framework contractors will receive feedback.

Community impact statement

54. The works that will transpire from the call off contracts are intended to provide and enhance the local community and support the council's commitment to providing high quality affordable housing, great neighbourhoods and educational developments.
55. The works will improve the quality and safety of the councils housing stock and some non residential buildings where they are part of a housing block.
56. The contracts will be of a medium to high impact to tenants, leaseholders and other stakeholders as works can involve working within resident properties and surrounding areas.

Social Value considerations

57. 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 well being of the local area can be secured. The details of how social value will be incorporated within the tender are set out in the following paragraphs.

Economic considerations

58. As the council explores ways it can continue to deliver value for money, it is essential that it makes even better use of its resources to meet the needs of residents and businesses in the borough. Under the commitment of "a full employment borough" this programme will require contractors to employ at least one apprentice for every £1m spent. For call off contracts below the £1m threshold the council will seek to include work place experiences to explore opportunities for Southwark residents.
59. Bidders will be evaluated at tender stage on how they intend to attract and support more women and ethnic minority residents who are underrepresented in the construction industry into these opportunities. These objectives will be detailed in the report for each contract awarded.

Social considerations

60. Each call off contract the range of social value options detailed below based on the project specifics:
 - local people in employment;
 - improved skills;
 - improved employability of young people;

- opportunities for disadvantaged people;
 - reducing inequalities;
 - social value embedded in the supply chain; and
 - carbon reduction and safeguarding the natural environment.
61. The successful call off contractors will be required to demonstrate that they operate an Equal Opportunities Policy, comply with the provisions of the Equalities Legislation, the Employment Relations Act 1999 (Blacklists) Regulations 2010 and the Prevent Duty under section 26 of the Counter-Terrorism and Security Act 2015.
62. As part of the initial expression of interest contractors will be requested to confirm that they recognise trade unions and are either working towards or accredited to TfL Fleet Operator Recognition Scheme (FORS). FORS helps fleet operators to measure and monitor performance, encompassing safety, fuel efficiency, vehicle emissions and improved operations, in order to promote fleet management best practice and reduce social / environmental impacts.
63. The successful call off contractors shall be expected to meet the requirements of minimum wage London Living Wage (LLW) requirements. For these contracts, the quality improvements are expected to include a high calibre of multi-skilled operatives that will contribute to the delivery of the works on site and will provide best value for the council. It is therefore considered appropriate for the payment of LLW to be required. The successful contractors will be expected to meet the LLW requirements and contract conditions requiring the payment of LLW will be included in the tender documents. As part of the tender process, bidders will also be required to confirm how productivity will be improved by payment of LLW. Following award, these quality improvements and gender gap reviews will be monitored as part of the contract review process.

Environmental/Sustainability considerations

64. The call off contract documents will include specifications to ensure that where appropriate designs incorporate the following:
- i. low energy electrical installations;
 - ii. materials from sustainable sources;
 - iii. use of energy and sound efficient building materials; and
 - iv. where the opportunity is available, use of renewable energies.

Plans for the monitoring and management of the contract

65. Asset management officers will manage the contracts. SEC will monitor the contracts to ensure contractors performance with asset management officers input in line with the framework obligations. Asset management officers will review each call off contract on completion. SEC will also review contractors' performance to ensure the framework contractor is operating in accordance with the framework obligations.

66. Each council contract manager will be responsible for recording a performance report for contracts awarded under the SEC frameworks. This will be used to identify issues and, if required, produce improvement plans. The performance report will include;
- i. customer satisfaction;
 - ii. lessons learned;
 - iii. financial forecast against actual final account;
 - iv. detailed financial information for audit purposes and leasehold transparency;
 - v. monitoring and evidence of social value commitments including BAME and gender pay gap reports;
 - vi. third party accreditations for fire remedial works; and
 - vii. compliance and quality control.
67. Officers will also produce performance reviews in line with the council's Contract Standing Orders.
68. The resident participation framework will also play a key role and allow views and feedback of contractor performance.

Staffing/procurement implications

69. The Head of Investment will be responsible for ensuring that the contracts are adequately resourced and coordinated to deliver its objectives and procured efficiently and effectively.

Financial implications

70. Annual membership of the SEC framework is £10k per annum, and is paid each April.
71. SEC claim a levy from the successful framework contractor on any call-off contract awarded via its frameworks. This levy is payable via the framework contractor to SEC and is included in its submitted tendered rates rather than an additional sum added to the overall tender price
72. The levy percentages framework contractors will pay on the council's individual scheme projects is as follows;

Project value	Member %
Up to £5m	1.50%
£5-10m	1.00%
£10-20m	0.50%
£20m+	0.25%

73. The estimated spend as detailed in paragraph 1 will be met from the existing QHIP budget within the Housing Investment Programme.

Investment implications

74. Works delivered through the SEC consortium will be improving the existing council owned housing stock.

Legal implications

75. Please see concurrent from the Director of Law and Democracy

Consultation

76. It is recognised that this procurement has a significant impact on residents and therefore a consultation plan will be prepared and delivered to assist with ensuring residents views and concerns are incorporated into the scope of works and contract documentation.
77. On award of each call off contract, the successful contractor will arrange an introduction presentation and provide information on social value commitments as part of the lead in period.
78. For each project the council will implement;
- i. drop in meetings;
 - ii. communicate with residents by letter that including FAQ's and generic questions;
 - iii. resident surveys undertaken by the council requesting condition of their property and areas they would like to see addressed as part of a major works project; and
 - iv. invitation for key stakeholders to attend estate walk-about.

Other implications or issues

79. None

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

80. This report seeks Cabinet Member approval of the procurement strategy for up to 50 minor works and up to 6 quality home improvement contracts through the South East Consortium (SEC) internal, external building and fire remedial works frameworks.
81. The report confirms these contracts will be procured over a two year period commencing January 2021, with the objective of supplementing the council's development of an in-house construction management team and four major building works contracts. These should increase the council's capacity and flexibility it requires to deliver building works

particularly in hard to deliver areas such as windows and fire remedial works.

82. Paragraph 39 confirms the timetable that will be followed for both this approval and for each subsequent mini competition under these frameworks which are achievable provided the appropriate resources are available when necessary. The report confirms that each project will be supported by external and internal resources to help ensure that each delivers to the required standards, on time and within budget.
83. The report confirms that the evaluation of each mini -competition will comply with the SEC framework evaluation guidance which allows a variance of +/-10% weighting for both price and quality 60:40 quality/price weighted model.
84. The report also confirms that the SEC and council officers will closely scrutinize the impact of the Covid 19 pandemic in relation to the health and safety practices, mobilisation and financial health of companies bidding for each contract.
85. Paragraphs 65 to 68 confirm the monitoring and management arrangements including governance measures that will be in operation for each awarded contract ensuring compliance with both the framework obligations and the councils specific contract performance requirements.

Director of Law and Democracy

86. This report seeks the cabinet member for housing's approval for the procurement strategy to the use of two SEC frameworks (internal and external building works and fire remedial works) for multiple minor and fire remedial works contracts as further detailed in paragraph 1. As the value of the intended contract is between £10-15m, the decision to approve this procurement strategy is reserved to the relevant cabinet member.
87. The nature and value of these works are such that they are subject to the full tendering requirements of the Public Contracts Regulations 2015 ("PCR15"). However the SEC frameworks, through which multiple appointments are to be procured, were established following EU compliant tendering processes and the council is a party able to use these frameworks. The SEC frameworks may therefore be used without carrying out further EU tendering processes. Paragraphs 28, 30 and 31 of this report confirms multiple mini competition exercises to be followed following expressions of interest being obtained from the framework contractors to tender. Proposals for each procurement exercise will be evaluated and separate gateway 2 award reports will be brought for each procurement exercise approval at a later date.
88. The cabinet member's attention is drawn to the Public Sector Equality duty (PSED General Duty) under the Equality Act 2010, which requires public bodies to have regard, when making decisions, to the need to

eliminate discrimination, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. The cabinet member is specifically referred to the community impact statement at paragraphs 54 to 56 setting out the consideration that has been given to equalities issues which should be considered when agreeing this procurement strategy and approving the recommendations in this report.

Strategic Director of Finance and Governance (H&M 20/084)

89. This report seeks approval from the Cabinet Member for Housing for the procurement strategy outlined in this report. The strategy will enable the council to procure major building and fire remedial works via the South East Consortium's (SEC) frameworks for internal and external building works and fire remedial works, and is designed to afford the council greater choice and flexibility to deliver necessary works forming part of the Housing Investment Programme. The arrangement will be in place for two years, commencing January 2021 with the maximum value of works placed through the frameworks expected to be in the region of £14.5m. Individual tendering and approval for works placed through the frameworks will provide additional control over procurement.

Director of Exchequer (for housing contracts only)

90. The proposed agreements would affect leaseholders where they relate to work that is service chargeable under the terms of the leases. This includes lot 1 of the proposed fire remedial works section and lots 1, 3, 4, 5 & 6 of the proposed internal and external works section where the work includes homeowner chargeable work.
91. The framework agreements are not covered by the section 20 requirements relating to qualifying long term agreements. It is established case law that agreements that do not establish a direct relationship between the work to be carried out, and the cost and contractor, who will carry out that work, are not qualifying agreements. They operate instead as a panel of contractors from whom tenders are invited for work, and where that work exceeds a £250 leasehold charge, the consultation requirements are for consultation to be carried out at that stage under schedule 4 part 2 of the regulations. This is a two stage consultation process which requires that initially leaseholders are consulted on the work that is proposed, and following tenders are consulted on the cost. The regulations require that prior to the invitation to tender, leaseholders are also given the opportunity to nominate a contractor who may be outside of the framework, and the agreement will need to ensure that this can be accommodated.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
Gateway 1 - Procurement Strategy Approval Major Building Works	Asset Management	Gavin Duncumb 0208 525 0685

APPENDICES

No	Title
Appendix 1	SEC Frameworks
Appendix 2	Ranked Framework Contractors to the SEC Frameworks
Appendix 3	Flow Chart Project Inception

AUDIT TRAIL

Lead Officer	Dave Hodgson, Director of Asset Management	
Report Author	Gavin Duncumb, Commercial Manager	
Version	Final	
Dated	30 November 2020	
Key Decision?	No	
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
Director of Exchequer (for housing contracts only)	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		30 November 2020