

Cabinet (Special)

Wednesday 31 July 2013

4.00 pm

Ground Floor Meeting Room GO1C, 160 Tooley Street, London
SE1 2QH

Membership

Councillor Peter John
Councillor Ian Wingfield
Councillor Fiona Colley
Councillor Dora Dixon-Fyle
Councillor Barrie Hargrove
Councillor Richard Livingstone
Councillor Catherine McDonald
Councillor Victoria Mills
Councillor Veronica Ward

Portfolio

Leader of the Council
Deputy Leader and Housing Management
Regeneration and Corporate Strategy
Children's Services
Transport, Environment and Recycling
Finance, Resources and Community Safety
Health, Social Care and Equalities
Communities and Economic Wellbeing
Culture, Leisure, Sport and Volunteering

INFORMATION FOR MEMBERS OF THE PUBLIC

Access to information

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Access

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Contact

Paula Thornton 020 7525 4395 or Everton Roberts 020 7626 7221

Or email: paula.thornton@southwark.gov.uk; everton.roberts@southwark.gov.uk

Webpage: <http://www.southwark.gov.uk>

Members of the committee are summoned to attend this meeting

Councillor Peter John

Leader of the Council

Date: 23 July 2013



Cabinet (Special)

Wednesday 31 July 2013

4.00 pm

Ground Floor Meeting Room GO1C, 160 Tooley Street, London SE1 2QH

Order of Business

| Item No. | Title | Page No. |
|-----------|--|----------|
| | PART A - OPEN BUSINESS | |
| | MOBILE PHONES | |
| | Mobile phones should be turned off or put on silent during the course of the meeting. | |
| 1. | APOLOGIES | |
| | To receive any apologies for absence. | |
| 2. | NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT | |
| | In special circumstances, an item of business may be added to an agenda within five clear working days of the meeting. | |
| 3. | NOTICE OF INTENTION TO CONDUCT BUSINESS IN A CLOSED MEETING, AND ANY REPRESENTATIONS RECEIVED | 1 - 2 |
| | To note the items specified which will be considered in a closed meeting. | |
| 4. | DISCLOSURE OF INTERESTS AND DISPENSATIONS | |
| | Members to declare any interests and dispensation in respect of any item of business to be considered at this meeting. | |
| 5. | GATEWAY 2: CONTRACT AWARD APPROVAL - LONG-TERM REPAIRS AND MAINTENANCE CONTRACT | 3 - 15 |
| | To approve the contract award of the repairs and maintenance contract covering Camberwell, Peckham, Peckham Rye, Nunhead and Dulwich (and borough wide temporary accommodation). | |

DISCUSSION OF ANY OTHER OPEN ITEMS AS NOTIFIED AT THE START OF THE MEETING**EXCLUSION OF PRESS AND PUBLIC**

The following items are included on the closed section of the agenda. The Proper Officer has decided that the papers should not be circulated to the press and public since they reveal confidential or exempt information as specified in paragraphs 1-7, Access to Information Procedure Rules of the Constitution. The specific paragraph is indicated in the case of exempt information.

The following motion should be moved, seconded and approved if the cabinet wishes to exclude the press and public to deal with reports revealing exempt information:

“That the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1-7, Access to Information Procedure Rules of the Constitution.”

PART B - CLOSED BUSINESS**6. GATEWAY 2: CONTRACT AWARD APPROVAL - LONG-TERM REPAIRS AND MAINTENANCE CONTRACT****DISCUSSION OF ANY OTHER CLOSED ITEMS AS NOTIFIED AT THE START OF THE MEETING AND ACCEPTED BY THE CHAIR AS URGENT**

Date: 23 July 2013



NOTIFICATION OF CLOSED BUSINESS FOR URGENT CONSIDERATION BY AN EXECUTIVE DECISION MAKING BODY

The required 28 days notice relating to a decision likely to be considered in closed session has not been given on the forward plan in respect of the decision detailed in this document. The matter is considered to be urgent and cannot be reasonably deferred for a further 28 days to enable the required notice to be given. Details of the issue are set out below.

Note: This notice applies to meetings of the cabinet, cabinet committee or community councils considering an executive function.

DECISION MAKER

Name of decision maker: Cabinet

Date of meeting: 31 July 2013

LEAD OFFICER DETAILS

Name and contact details: David Lewis, Head of Maintenance and Compliance
Tel: 020 7525 7836 or email: david.lewis@southwark.gov.uk

DETAILS OF THE REPORT

Title and brief description of the nature of the business to be considered:

Gateway 2 – Contract Award Approval, Long-Term Repairs and Maintenance Contract

To approve the contract award of the repairs and maintenance contract Camberwell, Peckham, Peckham Rye, Nunhead and Dulwich (and borough wide temporary accommodation).

- *Why the decision is urgent and cannot be reasonably deferred i.e. Why it cannot wait a further 28 days or more to enable the required notice to be given?*

The decision cannot wait until the publication of the next forward plan as the contract needs to commence on 2 October 2013. The council is required to give 3 months immobilisation period between the contract start date and contract award date for the contractor to prepare to be on site.

- *What is the potential cost to the council if the decision is delayed?*

Approval of this decision is crucial for the continuity of providing the repairs and maintenance services in the borough.

- *How long has the department known the decision required a closed report?*

Notice that a closed item was required was included on the council's forward plan for

decision to be taken at 14 May 2013 cabinet. The decision was however deferred at this meeting and a subsequent cabinet meeting 26 June 2013, which was after the publication of the forward plan relating to the decisions to be taken from June/July onwards. The decision to defer the award of the contract was taken in order to allow a full investigation in to an asbestos incident. This report was considered by cabinet on 16 July 2013. Following this consideration, cabinet agreed to receive the report regarding the award of the repairs and maintenance contract for the south of the borough at a special cabinet meeting.

- *If scheduled on the forward plan, what's changed to make this request necessary i.e. why a closed report is now necessary?*

This item was originally listed in the forward plan for consideration by cabinet on 14 May 2013 with notification that a closed report would be required.

Paula Thornton
For Proper Constitutional Officer
Dated: 23 July 2013

| | | | |
|------------------------------------|--------------------------------|--|---------------------------------|
| Item No. 5. | Classification: Open | Date: 31 July 2013 | Meeting Name: Cabinet |
| Report title: | | Gateway 2 – Contract Award Approval Long-term Repairs and Maintenance Contract | |
| Ward(s) or groups affected: | | All | |
| Cabinet Member: | | Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management | |

FOREWORD – COUNCILLOR IAN WINGFIELD, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING MANAGEMENT

Delivering an excellent repairs service is fundamental to improving customer satisfaction with the council. The council is committed to delivering a repairs service that it, and residents, can be justly proud of. The council aspires to treat every resident as if they were a member of one's family. As the repairs service is one of the most important interactions with our residents, the award of this new contract is an ideal opportunity to make this commitment a reality.

Good progress has been made in improving the repairs service. Tough decisions have been taken on who provides and manages the service in the borough. This demonstrates that the council will not shy away from taking decisions that will improve the service to residents and deliver our ambition of providing one of the best repairs services in the country.

However, the service still has some way to go before it is truly delivering the service residents deserve. There are still too many instances of the service going wrong and when it goes wrong it tends to do so badly. All too often it is frustrating for residents to access the service or be kept advised of progress resulting in many repeated contacts. This has to be improved. This new contract will provide a new style service, which truly puts the customer first, one that challenges service improvement and aspires to deliver a greatly improved repairs service for residents.

The foundations of an excellent repairs service are in place. This will be built upon over the coming months and years.

RECOMMENDATION

Cabinet is asked to:

1. Approve the award of the repairs and maintenance contract covering Camberwell, Peckham, Peckham Rye, Nunhead and Dulwich (and borough wide temporary accommodation) to Mears Ltd for an annual value of up to £11m to commence from 3 October 2013 for five years with the option to extend for a further period up to five years (three plus two years), subject to performance, making an estimated contract value of £110,000,000.

BACKGROUND INFORMATION

2. Arising from the termination of the repairs and maintenance contract with Morrison Facilities Services Limited on 2 October 2012, the council put in place interim arrangements to deliver the service for 12 months from 3 October 2012. Following competition, Mears Ltd were appointed from the Watford Community Housing Trust repairs and maintenance framework.
3. Putting in place this 12 month interim contract provided the council with the space and time it required to work through the options available for the long-term delivery of the repairs service. This was considered to be acting reasonably as it balanced the combined needs of continuing to provide a repairs service with delivering a high quality and value for money service, while also allowing the opportunity to shape and redefine future repairs service delivery.
4. The procurement strategy for the long-term repairs and maintenance contract was approved by Cabinet on 17th July 2012 and the procurement project plan is set out below.
5. **Procurement project plan (Key Decision)**

| Activity | Completed by/Complete by: |
|--|---------------------------|
| Issue Notice of Intention | 01/06/12 |
| Approval of Gateway 1: Procurement Strategy Report | 17/07/12 |
| Invitation to tender | 16/10/12 |
| Closing date for return of tenders | 14/01/13 |
| Completion of evaluation of tenders | 28/02/13 |
| Issue Notice of Proposal | 11/03/13 |
| Forward Plan for Gateway 2 decision | 08/04/13 |
| DCRB Review Gateway 2 | 08/04/13 |
| CCRB Review Gateway 2 | 11/04/13 |
| Notification of forthcoming decision – despatch of Cabinet agenda papers | 23/07/13 |
| Approval of Gateway 2: Contract Award Report | 31/07/13 |
| Scrutiny Call-in period and notification of implementation of Gateway 2 decision | 08/08/13 |
| Alcatel Standstill Period (if applicable) | 12/08/13 |
| Contract award | 27/08/13 |
| Add to Contract Register | 27/08/13 |
| Publication of award notice in Official Journal of European (OJEU) | 27/08/13 |
| Contract start | 03/10/13 |
| TUPE Consultation period | N/A |

| Activity | Completed by/Complete by: |
|--|---------------------------|
| Contract completion date | 02/10/18 |
| Contract completion date – if extension(s) exercised | 02/10/23 |

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

6. The works will affect the properties in the south of the borough, namely those in Camberwell, Peckham, Nunhead, Peckham Rye and Dulwich (including borough-wide temporary accommodation).
7. The works comprise of all day to day repairs and maintenance to both residential and non-residential housing stock. In summary the work includes:
 - Demolitions and alterations;
 - Excavation and earthwork;
 - Concrete and brickwork repairs;
 - Asphalt work;
 - Roofing;
 - Woodwork and timber treatment;
 - Damp proofing;
 - Metalwork;
 - Plumbing;
 - Mechanical installations;
 - Floor, wall and ceiling finishes;
 - Glazing;
 - Painting and decorating;
 - Drainage;
 - Fencing;
 - Paving;
 - Window repair/replacement;
 - Asbestos removal;
 - Ventilation works;
 - Electrical works;
 - Planned maintenance;
 - Project management and supervision.
8. The proposed works are based on the term brief specification, preliminaries and a range of challenging key performance indicators.
9. The additional objectives to be delivered from this contract comprise of:
 - Achieving high levels of resident satisfaction
 - Delivering repairs right first time every time
 - Limited recalls and call backs and duplication
 - Residents treated with respect as though they were members of one's own family
 - A constant and relentless drive for value for money

- Accessible and visible customer services catering for all residents' needs
- Keeping residents constantly informed of service progress and being fully involved in service improvement
- Responding quickly to service failure and learning from complaints
- Motivated and highly focussed workforce committed to delivering the excellent service residents deserve

Policy implications

10. An excellent responsive repairs service puts residents at the heart of service delivery. This contract was procured in this context and one that challenged service improvement and aspired to deliver a greatly improved repairs service for residents.

11. In 2011, the council's Housing and Community Safety scrutiny sub-committee carried out a review of the housing repairs service. The report's findings made uncomfortable reading:

There needs to be a new culture of openness and transparency between officers, members and tenants with respect to the Housing Repairs Service.

Contractor performance has been allowed to drift to the point where missed appointments are commonplace and repairs are left cancelled or incomplete. This cannot be allowed to continue.

KPIs appear to have been used, in the main, to project a positive image of the service to members and tenants. This 'presentational' approach needs to come to an end.

12. The sub-committee made 13 recommendations to improve housing repairs and over the past two years, the council has worked closely with its repairs contractors to respond fully to the recommendations as well as carrying out its own service improvement programme. The council now wishes to build on these improvements for the future.
13. The council shares a corporate commitment to deliver a repairs service that it, and residents, can be justly proud of. The council aspires to treat every resident as if they were a member of one's family and, as the repairs service is one of the most important interactions with the Borough's residents, the procurement of this contract is an ideal opportunity to make this commitment a reality.
14. The quality of the repairs and maintenance service is crucial to improving overall customer satisfaction with the council. This contract award will help create a new style service, which truly puts the customer first. Residents tell us that the repairs service has a long way to go to truly meet their expectations. They have also told us that a 'right first visit' approach is what really matters to them. In appointing a long-term partner the council was particularly seeking one that would go the extra mile to deliver fantastic customer service and who would always do what they said they will do.
15. The council has already reorganised the way in which it works to ensure that repairs is given a sufficiently high profile to drive the necessary continuous improvement. Firstly, a new Housing Services department was created in January 2011 to ensure a dedicated focus on the services received by residents of the council's housing. Secondly, a new division concentrating on day to day

repairs and compliance went live in September 2011. Thirdly, an interim repairs contractor, Mears Ltd, was appointed in October 2012. All of this activity has already brought about significant improvements, particularly around repairs right first time, customer satisfaction, complaints escalation, sub-contracting and contract management.

16. However, despite these changes, the repair service is still a bottom quartile performer. The council has commenced the process of moving the repairs service into upper quartile performance and challenging targets have been set in order to achieve this. It is the council's expectation that the long-term partner will hit the ground running and build on the progress achieved to date.
17. One of the areas where the council needs to improve is to recognise that leaseholders are our customers too. This is particularly important in a Borough like Southwark where leaseholders make up a quarter of our residents, and pay significant service charges for communal repairs. The repairs contractor must be prepared to deliver an equally excellent service for both leaseholders and tenants.

Packaging Strategy

18. The approach to packaging was set out in procurement strategy approved by Cabinet in July 2012. In essence, all repairs and maintenance services were included in this procurement; however two Work Elements, namely the out of hours service and works to empty properties, were separately evaluated to determine whether delivery was better placed through the in-house contractor, Southwark Building Services (SBS) or external provision.
19. Packages were therefore divided into three Work Elements:
 - Work Element 1 – Responsive repairs and maintenance
 - Work Element 2 – Emergency works outside of normal working hours
 - Work Element 3 – Works to empty properties
20. At the outset of the procurement process, contractors were advised that the award decision for these services involved a decision being made on the model of service delivery to be adopted for the repairs and maintenance service in the south of the borough i.e. totally outsourced service (where the contractor provides all Work Elements) or partially outsourced service (where the contractor and the Council will deliver Work Elements). To enable the final stage in the process, SBS were invited to submit proposals in relation to Work Elements 2 and 3 only.

Tender process

21. The tender process has followed the requirements of the EU Procurement Regulations (Restricted Procedure). The evaluation of tenders was based on the Most Economically Advantageous Tender, with 70% of marks based on quality and 30% on price. The council's standard evaluation criteria is based on 70% price and 30% quality.
22. However, for repairs and maintenance the cornerstones of a successful service are repairs delivered on time, completed right first time and achieving high levels of resident satisfaction. The driver is therefore much more focussed on quality outcomes rather than price. As such the council's standard evaluation criteria

was reversed to 70% quality and 30% price. This sent out a clear message to the market that the council expects a high quality repairs service and not simply the cheapest one.

23. The contracts were advertised in the Official Journal of the European Union (OJEU) on 31 July 2012. A total of 53 contractors requested a copy of the council's Pre-Qualification Questionnaire (PQQ) in response to the OJEU advertisement.
24. In order to qualify for the Invitation to Tender Stage (Stage Two), all contractors had to demonstrate that they were financially viable and technically capable of delivering the contract.
25. The Council received a total of 11 completed PQQs (21% return) by the closing date on Friday 7 September 2012.
26. PQQ's were evaluated by an evaluation panel consisting of officers from Maintenance and Compliance, Specialist Housing Services with overview and challenge by Northgate Public Services. The PQQ was the first stage test to ensure organisations were capable of delivering the contract. The evaluation process involved a robust and thorough assessment of technical capability. Four areas were tested and organisations needed to pass all four to be invited to stage two, the Invitation to Tender (ITT). The four areas used for PQQ assessment were:
 - Financial – Experian checks (credit rating test) and Turnover Tests (an assessment of turnover to ensure organisations were of the appropriate size to deal with the value of the contract for which an expression of interest had been made).
 - Equality and Diversity – must meet the Council's standards.
 - Health and Safety – must meet the Council's standards.
 - Technical questions about delivering a repairs and maintenance service (detailed method statement were required and scored by the Evaluation Panel) – must meet the Threshold.
27. Following this thorough process, a total of five contractors were rejected because of failing to meet the required standard. Contractors failed because they were unable to demonstrate the appropriate experience, expertise, track record or financial capacity to deliver the contract.
28. On Tuesday, 16 October 2012, Invitation to Tenders were sent to six contractors. SBS were also invited to submit proposals in respect of Work elements 2 and 3.
29. The closing date for returned tenders was Monday 14 January 2013. However, one contractor withdrew before the closing date.
30. A series of tender clarification questions were received. The issues ranged from clauses in the technical specification through to clarification about TUPE. Questions were responded to quickly and circulated to all contractors.
31. On 14 January, the remaining five contractors returned the ITT along with SBS.

Tender evaluation

32. In accordance with the Gateway 1 report, two evaluation panels were established; one to deal exclusively with quality and the other with price. The quality panel consisted of the same combination of officers that undertook the PQQ assessment as set out in paragraph 26 above. The price evaluation panel consisted of Quantity Surveyors from Potter Raper Partnerships, the council's external cost consultants. For probity, panels were kept separate so that quality and price could be independently reviewed. Both evaluation panels were challenged and facilitated by Northgate Public Services.
33. Given the packaging strategy outlined above, the evaluation panel first focused on evaluating the five submissions of the external contractors to confirm the highest ranked contractor. The subsequent steps of the evaluation process are set out in paragraphs 40 and 41 below.

Price Evaluation

34. The 30% weighting for price was sub-weighted across the three Work Elements as follows:

| | Work Element | Sub-Weighting % |
|---|---|------------------------|
| 1 | Responsive repairs and maintenance | 17.5 |
| 2 | Emergency works outside of normal working hours | 1 |
| 3 | Works to empty properties | 11.5 |

35. A Price Evaluation Model was designed to help the council carry out a robust evaluation of price. The model was prepared using historical data in relation to the service and predicted annual spend levels. The weightings used were based on the annual value of each Work Element. Works were valued in accordance with the NHF Schedule of Rates.

Quality Evaluation

36. The quality assessment was based on six main tender questions which covered all aspects of repairs and maintenance delivery. The score was based on the contractors' submissions, but this was clarified (and its veracity and accuracy verified) by the following methods:
- At a clarification meeting
 - By responses to clarification questions (if any)
37. As mentioned above, the verification process involved a clarification meeting and responses to clarification questions. No issues of contradiction or uncertainty arose from this process.

Combined Price and Quality Scores

38. Once the evaluation of both price and quality was completed the scores were added together. Mears Ltd were the highest ranked contractor following evaluation and represented the Most Economically Advantageous Tender and could be recommended for Work Element 1 – Responsive repairs and maintenance.
39. However, for Work Element 2 – Emergency works outside of normal working hours and Work Element 3 – Works to empty properties, award would be subject to comparison with SBS, as identified in the packaging strategy detailed in paragraphs 18-20 above.

Comparison with SBS for Work Elements 2 and 3

40. Southwark Building Services were required to submit proposals, including costs, for the delivery of both these Work Elements. The SBS submission was evaluated and scored using the same methodology used for the five other contractors for these Work Elements. The evaluation panel considered this submission and compared it to the final scores of Mears Ltd.
41. Mears Ltd scored higher than SBS for both Work Elements. This perhaps reflects the position that SBS is on an improvement journey that is focussed on improving the repairs service in the north of the borough and there is still some way to go and much to do.

Recommended Contractor

42. Overall, Mears Ltd was ranked first when compared to the four external providers and were ranked first when compared to SBS for both Work Elements 2 and 3.
43. Accordingly, Mears Ltd is recommended for contract award for all three Work Elements in Camberwell, Peckham, Peckham Rye, Nunhead and Dulwich (including borough-wide temporary accommodation).

Plans for the transition from the old to the new contract

44. As the incumbent contractor mobilisation is more straightforward. Nevertheless, mobilisation is still very important to ensure a smooth transition takes place between the interim and new contract. There are a number of new initiatives to be delivered through the contract and it is important that these are delivered. These include: sub-contracting for non-specialist works to be reduced to 10 per cent (in year two of the contract); moving to two hour and Saturday morning appointment slots and an increase in post inspections. A mobilisation project team will be established to work through the key differences between the two contracts and ensure arrangements are in place from 3 October 2013.

Plans for monitoring and management of the contract

45. There will be robust arrangements in place to monitor the contract. Strategically, The Head of Maintenance and Compliance will hold monthly meetings with the Mears Ltd regional director, to review performance and other key areas. In addition, the repairs core group, chaired by the Deputy Leader and Cabinet

Member for Housing and attended by residents and senior officers, also meets monthly and will challenge performance and track improvement plans. Operationally, the contracts will be managed by the council's repairs and maintenance and commercial teams. At least monthly formal contract meeting will be in place and performance measurement will be through a key suite of performance indicators.

Identified risks for the new contract

46. The table below identifies a number of risks associated with this contract procurement, the likelihood of occurrence and the control in place to mitigate the risks.

| R/N | Risk Identification | Likelihood | Risk Control |
|-----|--|------------|--|
| R1 | Contract award delayed | Low | Strong project management structure in place to avoid. As the award is to the incumbent a delay would not effect service continuity given the five months between award and contract start. |
| R2 | Ineffective Mobilisation & Transition from Old to New Contract | Low | Mobilisation project team will be established to ensure the smooth transition between contracts. |
| R3 | Risk of a successful challenge by an unsuccessful contractor | Low | All decisions signed off by the Procurement Project Board. All key documents signed off by corporate procurement and legal. External legal advisers and cost consultant advice also provided. When combined a robust and thorough procurement process has been undertaken. |

Community impact statement

47. Repairs and maintenance is a universal service that is offered to all tenants and residents of the Borough. The proposal to appoint Mears Ltd at this time will ensure there is sufficient time to mobilise and plan a smooth transition between the old and new contract.

Social considerations

48. Mears Ltd are on the council's approved lists and have carried out a substantial amount of major works for the council. Mears Limited are fully aware and compliant with council's own Equal Opportunity Policy. Mears Ltd have confirmed that they pay the London Living Wage. Compliance and added quality benefits will be monitored throughout the duration of the contract. Mears Ltd are have committed to providing at least six apprenticeships in each year of the contract and will also continue to recruit labour locally and work with local small and medium size enterprises.

Sustainability considerations

49. The contract will adhere to the council's Sustainability Policy. Where possible, materials purchased will be from sustainable sources. However, the overriding decision on material selection will be the materials conformity to BS and IS standards to ensure maximum safety and suitability.
50. Sustainability goals will be set for the contract and where possible the contractor will be required to carry out (and evidence) the following;
 - Re-use of materials that can be recycled or reclaimed on site
 - Avoidance of environmentally damaging materials
 - Avoidance of materials that are potentially harmful to humans

Market considerations

51. Officers believe the market has been adequately tested based on the tenders received from five of the six invited contractors that returned the tender documents.
52. Mears Ltd will be encouraged to make use of local labour wherever possible as is common practice.
53. Mears Ltd:
 - a. Is a private organisation and
 - b. Employs more than 13,000 staff

Financial implications (SB-FIN0768)

54. The report seeks to award the repairs and maintenance contract covering the south of the borough to Mears Limited with effect from 3 October 2013. In order to address the long-standing issues of a poor quality repairs service and increase resident satisfaction, contract evaluation is based on 70% quality, 30% price, which is a departure from the norm. The base budget available for this contract is circa £11m per annum for 2013/14 and will remain so for the foreseeable future, subject to inflationary uplifts.
55. The contract is subject to annual price uplifts based on the BMI index which will need to be contained within the base budget available. Expectations are that over time as the WDS and other planned maintenance programmes increase, reactive repairs will show a decline which will reduce the budgetary need and allow for service redirection.

Second stage appraisal

56. In the current economic climate the construction industry is volatile. By way of mitigation against any risks, the council arranged for a second stage financial appraisal to be undertaken by RSM Tenon on Mears Ltd. The company is placed at a very low risk status.

Legal implications

57. Please see concurrent from the director of legal services

Consultation and Communication

58. Before and during the procurement process presentations were made to both Tenants and Home Owners Councils. In addition representatives from both Councils have been involved in the procurement process. Further presentations are scheduled to be made to Tenant and Homeowners Council after the Cabinet decision. Further consultation with tenants and resident associations will be part of the mobilisation process.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

59. This report is seeking approval from cabinet for the award of the housing repairs and maintenance contract covering Camberwell, Peckham, Peckham Rye, Nunhead & Dulwich (and borough wide temporary accommodation).
60. The report confirms that the procurement strategy set out in the previously approved Gateway 1 report has been followed with a full restricted EU competitive process being undertaken.
61. The report describes the evaluation process that was carried out and that tenders were evaluated using a weighted model to determine the most economically advantageous tender (MEAT).
62. This procurement process was designed to assess whether the contract would achieve best value through a completely outsourced service or partially outsourced service with elements delivered by in-house resources. The contract was therefore split into three lots covering, general repairs, out of hours emergency works and works to void properties and the in house provider was asked to submit proposals for two of the three elements.
63. The evaluation process is outlined in paragraphs 32 to 41. After assessing the quality and price of the external tender submissions, a further stage was included for two of the lots. At this stage, a comparison was made between the highest ranked external submission and the internal submission. Paragraph 43 of the report confirms that the result of the comparison led to the recommendation to award all elements of work to an external organisation.
64. The report sets out plans for the transition in 44 and paragraph 45 describes how the contract will be managed and monitored throughout the life of the contract.

Director of Legal Services

65. This report seeks the cabinet's approval to the award of the repair and maintenance contract to Mears Limited as further detailed in paragraph 1. As the estimated contract value is £110m, this award relates to a strategic procurement and the decision is therefore reserved to the cabinet.

66. The nature and value of the services to be supplied under the contract are such that the procurement is subject to the full application of the EU procurement regulations. As noted in paragraph 21, a full EU tendering process has been undertaken in accordance with the restricted procedure. The council's criteria for award of this contract is on the basis of the most economically advantageous tender, details of which are noted at paragraph 22. Following evaluation the tender submitted by Mears Limited was judged to represent the most economically advantageous tender for the 3 work elements. As part of the process, SBS were also invited to submit proposals for work elements 2 and 3, which were then compared with the highest scoring bid. The outcome of this additional evaluation is that Mears Limited are recommended for award of all 3 work elements.
67. Contract standing order 2.3 requires that a contract should only be awarded if the expenditure involved has been identified. Paragraphs 54 and 55 confirm the financial implications of this award.

Strategic Director of Finance and Corporate Services (FC13/024)

68. This report seeks approval for the award of the repairs and maintenance contract covering Camberwell, Peckham, Peckham Rye, Nunhead and Dulwich (and borough wide temporary accommodation) to Mears Ltd.
69. This The Strategic Director of Finance and Corporate Services notes the financial implications in paragraphs 54 and 55 and that the budget required for this service will need to be identified in the Housing revenue Account in future years, including an inflationary awards.

Head of Specialist Housing Services

70. This contract is a Qualifying Long Term Agreement under the terms of the Commonhold and Leasehold Reform Act 2002. Consultation has been undertaken under schedule 2 of the regulations appertaining to the above Act. Notice of Intention was served on 1 June 2012. Notice of Proposal was served on 6 March 2013.
71. The consultation period for the Notice of Proposal ended on 14 April 2013 and 40 observations were received. The issues raised ranged from the balance between cost and quality in evaluation; quality of work and the arrangements in place for monitoring the contract. No issues were raised that would suggest that the contract should not be entered into.

BACKGROUND DOCUMENTS

| Background documents | Held At | Contact |
|---|---|------------------------------|
| Gateway 1 Long-term Repairs and Maintenance Contract http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&MId=4245&Ver=4 | Maintenance and Compliance, 160 Tooley Street | David Lewis 0207 525 7836 |

APPENDICES

| No | Title |
|-----------|--------------|
| None | |

AUDIT TRAIL

| | | |
|---|---|--------------------------|
| Cabinet Member | Councillor Ian Wingfield, Deputy Leader and Cabinet Member for Housing Management | |
| Lead Officer | Gerri Scott, Strategic Director of Housing and Community Services | |
| Report Author | David Lewis, Head of Maintenance and Compliance | |
| Version | Final | |
| Dated | 23 July 2013 | |
| Key Decision? | Yes | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER | | |
| Officer Title | Comments Sought | Comments Included |
| Head of Procurement | Yes | Yes |
| Director of Legal Services | Yes | Yes |
| Strategic Director of Finance and Corporate | Yes | Yes |
| Head of Specialist Housing Services | Yes | Yes |
| Contract Review Boards | | |
| Departmental Contract Review Board | Yes | Yes |
| Corporate Contract Review Board | Yes | Yes |
| Cabinet Member | Yes | Yes |
| Date final report sent to Constitutional Team | | 23 July 2013 |

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CABINET AGENDA DISTRIBUTION LIST (OPEN)**MUNICIPAL YEAR 2013/14**

NOTE: Original held by Constitutional Team; all amendments/queries to
Paula Thornton/Everton Roberts Tel: 020 7525 4395/7221

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| Cabinet Members | | Corporate Management Team | |
| Peter John | 1 | Eleanor Kelly | 1 |
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| Fiona Colley | 1 | Deborah Collins | 1 |
| Dora Dixon-Fyle | 1 | Gerri Scott | 1 |
| Barrie Hargrove | 1 | Duncan Whitfield | 1 |
| Richard Livingstone | 1 | | |
| Victoria Mills | 1 | Officers | |
| Catherine McDonald | 1 | Doreen Forrester-Brown | 1 |
| Veronica Ward | 1 | Jennifer Seeley | 1 |
| Other Councillors | | Trade Unions | |
| Catherine Bowman | 1 | Roy Fielding, GMB | 1 |
| Toby Eckersley | 1 | Henry Mott, Unite | 1 |
| Neil Coyle | 1 | Chris Cooper, Unison | 1 |
| Gavin Edwards | 1 | Neil Tasker, UCATT | 1 |
| Dan Garfield | 1 | Michael Davern, NUT | 1 |
| David Hubber | 1 | James Lewis, NASUWT | 1 |
| Lorraine Lauder | 1 | Irene Bishop, ASCL | 1 |
| Rebecca Lury | 1 | | |
| Paul Noblet | 1 | Others | |
| The Right Revd Emmanuel Oyewole | 1 | Robin Campbell, Press Office | 1 |
| Geoffrey Thornton | 1 | Paula Thornton, Constitutional Officer | 20 |
| Andy Simmons | 1 | | |
| Tim McNally | 1 | | |
| Anood Al-Samerai | 1 | | |
| Group Offices | | Total: | 66 |
| Chris Page, Cabinet Office | 1 | Dated: 5 June 2013 (pt) | |
| Laura Kavanagh, Opposition Group Office | 1 | | |
| Press | | | |
| Southwark News | 1 | | |
| South London Press | 1 | | |
| Members of Parliament | | | |
| Harriet Harman, MP | 1 | | |
| Tessa Jowell, MP | 1 | | |
| Simon Hughes, MP | 1 | | |