

Item No. 15.	Classification: Open	Date: 13 June 2023	Meeting Name: Cabinet
Report title:		Gateway 1 - Procurement Strategy Approval Electrical Installations Refurbishments and Maintenance Contracts	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Darren Merrill, Council Homes	

FOREWORD – COUNCILLOR DARREN MERRILL, CABINET MEMBER FOR COUNCIL HOMES

This is a technical report to approve the procurement strategy for two Electrical Insulation Refurbishment and Maintenance contracts. Currently the council has a number of contractors and an in-house team delivering electrical works to its council housing stock which reflects the size, scale, and the volume of the demand for its assets.

Southwark repairs deliver electrical repairs and refurbishments to the internal tenant properties, and this will continue. The ambition is to bring more of this service in house and prepare for solar insulations. This report notes these ambitions and the preparation for being able to do this by using these contracts to train our in-house staff.

These contracts will contribute to maintaining our council housing stock complementing future asset management plans and upcoming regulations.

RECOMMENDATIONS

That Cabinet:

1. Approves the procurement strategy outlined in this report to undertake a tender procedure for two Electrical Installations Refurbishment and Maintenance contracts:
 - Contract A - Bermondsey, Rotherhithe, Walworth and Borough and Bankside at an estimated annual cost of £4.26m
 - Contract B – Camberwell, Dulwich, Peckham and Nunhead at an estimated annual cost of £4.06m
each for a period of five years from October 2024 (at an estimated combined total cost £41.6m) with the option to extend up to a further two years (in increments at the council's sole discretion subject to performance) making an estimated total contract value for both contracts of £58.24m.
2. Notes that the procurement strategy in this report will result in bidders being required to bid as backup to each other on their tendered rates to ensure an efficient service delivery.

3. Notes the development of an in-house option as detailed in paragraphs 29, 70 and 84.
4. Delegates authority to the Strategic Director of Housing in consultation with the cabinet member to approve the Gateway 2 report for the two Electrical Installations Refurbishment and Maintenance contracts for the reasons detailed in paragraph 42.

BACKGROUND INFORMATION

5. Currently, the council has a number of contractors and in-house teams delivering electrical works to its council housing stock which reflects the size, scale and volume of demand for its assets. The table below detail the current arrangements for delivering these tests:

Work stream	Area	Provider	Chargeable to homeowners
Electrical maintenance and refurbishments to tenant properties including smoke/ fire detection	Borough wide	Southwark Repairs	No
Electrical maintenance and refurbishments to communal areas and where required smoke/ fire detection	North of the borough	BCS (Electrical and Building Services) Ltd (BCS)	Yes
	South of the borough	Spokemead Maintenance Ltd (Spokemead)	
Fire detection systems (sheltered units and resident halls)	Borough wide	Spokemead Maintenance Ltd	No
Solar maintenance and installation	Individual blocks	Ad hoc (quotations)	Only on installs that serve the whole block

6. The current Communal Lighting and Electrical Testing Contracts with BCS and Spokemead are due to expire on 30 September 2024.
7. Southwark Repairs deliver electrical repairs and refurbishments to internal tenant properties as part of a Service Level Agreement (SLA). This will continue and is currently part of an on-going repairs improvement programme.
8. The proposed scope of works for electrical installations will be;

- electrical refurbishments to communal landlords supplies;
 - installation of landlord lighting and lightning protections systems;
 - electrical rewires;
 - installation of fire, smoke and heat detection systems;
 - electrical maintenance;
 - electrical and fire detection testing; and
 - solar installation and maintenance.
9. The contracts will be awarded based on a geographical split of the borough as set out below, each providing all of the works with an initial term for each contract of five years with the option to extend for a further two years.
- Contract A - Bermondsey, Rotherhithe, Walworth and Borough and Bankside at an estimated annual cost of £4.26m
 - Contract B – Camberwell, Dulwich, Peckham and Nunhead at an estimated annual cost of £4.06m.
10. The proposed contract duration of five years with the option to extend for up to a further two years provides the following advantages:
- Allows asset management to implement and evaluate the performance of its in-house repairs improvements plan, and should this produce the required performance and cost benchmarking targets then arrangements can be made to bring further works in-house as detailed in paragraph 29 during the initial term and not extend for the further two years.
 - Allows Southwark Repairs to recruit operational staff and operatives to assist with urgent building safety works such as electrical inspection and condition reports.
 - Gives sufficient time to re-procure future contracts to meet demand for these works if the in-house option proves to be not viable.
 - Realises fairer future commitments from the successful contractors due to the term of the contract and consistency of work load, including:
 - i. the opportunity for contractors to develop long term supply chains,
 - ii. to invest in a number of social value initiatives to improve local communities, and
 - iii. to build a long-term relationship with the council’s training and employment partners to provide local apprenticeships in the construction industry.

Summary of the business case/justification for the procurement

11. The works proposed under these contracts will enable the council to meet its obligations as a social housing landlord under the Landlord and Tenant Act 1985 and Part P of the Building Regulations ensuring it has arrangements in place to maintain its council housing buildings and carry out electrical and fire detection improvements.
12. The Government, as part of its Levelling Up and Social Housing White Papers has committed to radically improving housing quality and set ambitions to ensure that housing is safe and decent.

13. As part of the Social Housing White Paper, it is proposed that mandatory electrical installation checks are completed every five years within the properties and that carbon monoxide alarms are installed where gas appliances owned by the landlord are present within the property (e.g. individual gas boiler).
14. Circa 8,000 electrical tests are carried out each year covering installations, emergency lighting, fire detection and lightning protection systems.
15. The contracts will contribute to maintaining the council's housing stock complementing future asset management strategy and upcoming regulations.
16. Residents rely on the council to ensure both the communal and internal electrical installations are maintained to a high standard and provide early detection of fire.
17. Having contracts in place with priced schedule of rates for solar allows the council to bid for grant funding and deliver within the timescales set for bid qualification.
18. Subjecting these requirements to competitive tender will demonstrate best value to the council.
19. To ensure service delivery, these two contracts will provide backup arrangements to each other and Southwark Repairs in peak demands.
20. The organisation of service delivery areas reflects the volume of orders and values, and present to the market packages that local small and medium-sized enterprises (SMEs) can tender for and resource. This is expected to attract competitive tenders but at increased prices, due to inflation in the price of materials, which will be known on receipt of tenders.
21. The proposed contract duration of five years with the option to extend for up to a further two years will enable officers to analyse the contracts' approach to determine its effectiveness. This analysis will form the basis of benchmarking against its in-house option.

Market considerations

22. A desktop study identified a number of small, medium and large contractors within the market that could deliver the proposed work.
23. As a publicly advertised tender, all organisations including SMEs will be able to participate in expressing an interest and tendering.
24. Brexit and the Covid-19 pandemic has had an impact on the construction market especially around skills shortages, import and export of materials and potential changes to regulations and standards. These challenges will have an impact on how bidders tender for works and it is likely to impact on the price

for skills, materials. The establishment of long-term contracts will assist in mitigating potential impacts through providing long term visibility of work.

25. The Ukraine war has also had an impact on steel prices, fuel and cost of utilities adding further volatility to the construction market.
26. As part of this procurement process financial checks and due diligence will be undertaken.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

27. The nature and value of these works means that the full tendering requirements of the Public Contracts Regulations 2015 (“PCR 2015”) (as amended) will apply. The following procurement options have been considered:
 28. Do nothing - this is not an option available to the council. As a landlord it is essential that the council maintains, test and refurbish its electrical installations to ensure safety for residents.
 29. The council provides these works in-house – Southwark Repairs is the council’s in-house provider for repairs to tenant council homes. Southwark Repairs is currently expanding its in-house electrical delivery team to undertake cyclical Electrical Inspection Condition Reports (EICRs) to assist with the building safety programme for electrical inspection works to tenant properties. The council will also benchmark Southwark Repairs on performance and cost for communal electrical testing work and where this demonstrates savings to the council and its homeowners it will be removed from the two proposed contracts as further detailed in paragraph 84.
 30. The use of internal or external frameworks - whilst there are external frameworks for electrical works, fire detection and testing, this is not deemed to be a viable option as they currently do not give access to the council’s local SMEs. Setting up a dedicated framework was also precluded as the nature, volume and cyclical demand aligns more closely with term (fixed period) contracts.
 31. Shared Services - the neighbouring boroughs already have their own contracts in place, which have not been opened up for other boroughs to use.
 32. As none of the above options are suitable and these works are estimated above the PCR2015 threshold for works, it is recommended that a fully advertised tender process using a restricted tender procedure be used to procure these works.

Proposed procurement route

33. This procurement is to undertake the PCR 2015 restricted tender procedure, via the eProcurement System. In response to the eProcurement System advert and Find a Tender Service notice, organisations interested in tendering will be required to formally express an interest on the eProcurement System in order to view the PAS91 pre-qualification questionnaire (PAS91 PQQ), draft tender documents and to submit a completed PAS91 PQQ by the deadline set.
34. The procurement documents will set out that up to a maximum of six organisations will be selected for the combined tender list for the two contracts (Contracts A and B), subsequent to the PAS91 PQQ process. In the event that any applicant achieves a score within two marks of the lowest scoring applicant that is being invited to tender, it will be included in the shortlist and progressed to the ITT stage as well.

Identified risks for the procurement

35. 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
R1	The procurement process fails due to inadequate quality of submissions by tenderers	Low	Ensure that tender documents are drafted to facilitate submissions of required standard. Early market engagement and open days are planned to ensure sufficient interest in these contracts.
R2	Successful contractors cease trading; go into liquidation or administration leaving works incomplete.	Low	Each contractor will act as back up however in the event of both failing then back up contractor(s) will be selected from the council's approved list. Robust due diligence of tenderer's financial situation will be undertaken.
R3	Inflation	Medium	The price model targets contractors to price appropriately as opposed to a race to the bottom i.e. cheapest price. The contract terms includes Building Maintenance Indices and individual exceptional cases will be reviewed on their own merit.

36. A performance bond will not be required for these contracts. The contract documentation will include for retention of monies to be held until satisfactory completion of the works. A parent company guarantee will be required if the successful contractors have an immediate parent or ultimate company.

Key / Non Key decisions

37. This report deals with a key decision.

Policy Framework Implications

38. The procurement of these contracts will follow the Fairer Future Procurement Framework to support the Borough Plan and Fairer Future Commitments to deliver value for money and be open, honest and accountable.

39. These contracts will contribute to the council's delivery plan for:

- a thriving and inclusive economy
- a healthy environment
- quality affordable homes and
- keeping you safe.

40. The delivery of these contracts fit with the council's objectives as outlined in the Fairer Future Commitments, specifically:

- A place to call home
- A place to belong and
- A great start in life.

Procurement Project Plan (Key Decisions)

41. The table below sets out the anticipated timescales for this procurement. However, this is subject to the number of expressions of interest received and resources available

Activity	Complete by:
Enter Gateway 1 decision on the Forward Plan	06/03/2023
DCRB Review Gateway 1	17/04/2023
Brief relevant cabinet member (over £100k)	26/04/2023
CCRB Review Gateway 1	27/04/2023
Deadline Agenda Planning	15/05/2023
Agenda Planning	23/05/2023
Notification of forthcoming decision - Cabinet	01/06/2023
Approval of Gateway 1: Procurement strategy report	13/06/2023
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	23/06/2023
Notice of Intention Completed (Applies to Housing Section 20 Leaseholder consultation only)	25/08/2023
Completion of tender documentation	28/08/2023
Publication of Find a Tender Service Notice	01/09/2023
Publication of Opportunity on Contracts Finder	01/09/2023

Activity	Complete by:
Closing date for receipt of expressions of interest	13/10/2023
Completion of short-listing of applicants	10/11/2023
Invitation to tender	22/11/2023
ITT – Information Day	29/11/2023
Forward Plan Gateway 2	04/01/2024
Closing date for return of tenders	12/01/2024
Completion of any clarification meetings/presentations/evaluation interviews	17/01/2024
Completion of evaluation of tenders	02/02/2024
Notice of Proposal issued (Applies to Housing Section 20 Leaseholder consultation only)	16/02/2024
DCRB Review Gateway 2:	22/04/2024
CCRB Review Gateway 2:	25/04/2024
Notification of forthcoming decision	01/05/2024
Approval of Gateway 2: Contract Award Report	10/05/2024
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision	21/05/2024
Debrief Notice and Standstill Period (if applicable)	03/06/2024
Contract award	03/06/2024
Add to Contract Register	05/06/2024
TUPE Consultation period (if applicable)	30/08/2024
Mobilisation	30/09/2024
Place award notice on Find a Tender Service	30/09/2024
Place award notice on Contracts Finder	30/09/2024
Contract start	01/10/2024
Initial contract completion date	30/09/2029
Contract completion date – (if extension(s) exercised)	30/09/2031

42. The reasons for the requested delegation of the approval of the Gateway 2 report from cabinet to the Strategic Director of Housing is to ensure that the two successful contractors are mobilised ready to commence work when the current contracts expire to ensure service continuity without the risk of running a compliant tender process and evaluation which may not align with the timetable for cabinet.

TUPE/Pensions implications

43. The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) are likely to apply to this proposed procurement exercise. The appointment of potential suppliers for the existing Communal Lighting and Electrical Testing Contracts could potentially amount to a service Provision Change under TUPE.
44. The extent of the application of TUPE and its implications will depend on a number of factors and will be considered during the proposed procurement exercise. These will be reported in the Gateway 2 report.
45. TUPE may also apply to any incumbent and new suppliers, if that is the outcome of the tenders, and in which case may result in the transfer of staff from one supplier to the other and/or their sub-contractors.
46. The procurement project timetable will need to include sufficient timelines to ensure that the council and any affected supplier(s) are able to comply with legal obligations that could potentially arise in respect of TUPE.

Development of the tender documentation

47. The asset management procurement team will be responsible for the delivery of this procurement and a project board will be set up to provide governance. The form of contract to be used will be JCT Measured Term Contract 2016, which will be subject to amendment as directed by legal services. The contract documents, once awarded, will be passed to legal services for formal execution.
48. The tender documentation will consist of the council's bespoke specification and schedule of rates covering various work streams.

Advertising the contract

49. The contracts will be advertised on the London Tenders Portal by way of an official notice that will be published on Find a Tender Service. The council will also publish a contract notice on the Contracts Finder website on the same day the Find a Tender Service notice is published.
50. The council will hold an information day at tender stage for those bidders shortlisted to tender.

Evaluation

51. The PAS91 PQQs returned will be evaluated by council officers. The selection process will be an evaluation of each bidder's economic and financial standing, technical knowledge, accreditations, equalities, diversity and inclusion questions, accreditation, experience and its ability and capacity to deliver the full scope of work. It is estimated that up to 6 bidders, to be agreed by the project board, will be shortlisted and invited to tender. The shortlisted

companies invited will be able to bid for the two contracts (Contracts A and B) but the evaluation methodology will set out that each contract will be awarded to separate companies and not to a single company.

52. Three evaluation panels, one reviewing price, one reviewing quality (including social value) and the other equalities, diversity and inclusion, will evaluate the Invitation to Tender for the two contracts.
53. A deviation from the council's usual 70:30 price quality weighting is proposed to better follow the Fairer Future Procurement Framework and capture the requirements for social value and highlight the importance of quality of works delivered to residents.
54. The Invitation to Tender evaluation will be undertaken by a tender evaluation panel (TEP). The selection criteria will be based on MEAT (Most Economically Advantageous Tender) criteria with a split of 55:42:3 price and social value/quality and social value/ equalities, diversity and inclusion.
55. Price evaluation for the contracts will be undertaken by asset management commercial officers and reviewed and signed off by housing finance. It is proposed to use a price model that ensures lowest un-economical bids do not receive the highest scores. To achieve this the 55% awarded for price will be split into two distinct sections as follows:
 - a) Lowest lump sum price, which is likely to account for 30%, where the tenderer with the lowest price is awarded the maximum percent and all other tenders are scored proportionally to the lowest price and 5% for social value quantitative.
 - b) Mean average price of tenders, which is likely to account for 20%, where the tenderer which scores closest to the mean average value of all compliant tenders will be awarded 20% with all other tenders scored proportionally to the mean average price.
56. Quality and social value qualitative evaluation (42%) will be undertaken by asset management officers. An evaluation methodology will include a number of method statement questions and will be developed by the project team and agreed with the project board.
57. Each method statement will be weighted and will include a minimum threshold criterion for key quality and financial implications, which if tenderers fail to meet allows the council the discretion to reject those tenderers from the tender process.
58. The social value qualitative will be evaluated against a number of selected Themes, Outcomes and Measures. Social value themes that will be considered are:
 - local people in employment;
 - great estates;
 - opportunities for disadvantaged people; and

- carbon reduction and safeguarding the natural environment.
59. The information submitted in response to these questions should demonstrate the tenderers' ability to fulfil the requirements that were outlined in the procurement documents.
 60. Successful tenderers will be evaluated on their commitment to social value on an annual basis. Failure to fulfil these commitments will translate, in the first instance, to provide other benefits to the same value in the Themes, Outcomes and Measures and where this has not been achieved contractual remedies will be applied.
 61. The equalities, diversity and inclusion will be evaluated by council officers reflecting 3% of the available tender evaluation.
 62. The council will hold clarification meetings prior to finalising the tenderers' price, quality, social value and equalities, diversity and inclusion scores which shall then undergo consensus scoring before being added together to produce a final score.
 63. Tenderers with the highest combined price, quality, social value and equalities, diversity and inclusion score will then be ranked. The first-placed tenderer will be awarded Contract A, as this is the larger value contract, and the second-placed tenderer will be awarded Contract B. No single tenderer will win more than one contract.

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

64. The two contracts are borough wide and support the council's Fairer Future Promises for quality affordable homes and revitalised neighbourhoods.
65. The two contracts will be of a medium impact to tenants, leaseholders and other stakeholders as these works will be done both externally and internally.

Equalities (including socio-economic) impact statement

66. These contracts will contribute to ensuring good quality homes which will benefit Southwark communities.

Health impact statement

67. These contracts will provide a positive impact on health as the main purpose of the works is to provide safe electrical installations to all residents within council housing properties.

Climate change implications

68. Electrical Installations Refurbishment and Maintenance contracts will provide opportunities to undertake electrical energy efficiency measures with little

disruption. Specifications of work will consider the overall holistic approach to working towards carbon zero and comply with Building Regulations Part L that addresses the conservation of fuel and power as part of a drive towards a greener future.

Social Value considerations

69. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the wellbeing of the local area can be secured. The details of how social value will be incorporated within the tender are set out in the following paragraphs.

Economic considerations

70. 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” and as part of social value commitments these contracts will require the two successful contractors to employ 4 apprentices for each contract for the initial term of the contract. This will provide a sustainable approach to ensure the 8 apprentices have a training programme that covers all work streams. Electrical apprentices employed by Southwark Repairs will receive work experience from the two successful contractors on the various work streams in order to prepare for a future in-house service. Southwark Repairs electrical operatives will also be trained in communal landlord’s electrics to enable the council to an in-house option once the training has been completed and benchmarked.
71. Bidders will be required to provide costs and proposals for meeting their Social Value requirements to ensure that this can be managed and valued as part of the contract management process.

Social considerations

72. The Fairer Future Procurement Framework will be embedded into the procurement documentation and will be evaluated as part of the overall quality evaluation.
73. For procurements in excess of £15m, the Fairer Future Procurement Framework requires the use of the Social Value Portal. However, it is proposed, as part of this procurement, to request contractors to tender for a set percentage financial value contribution against an annual turnover which will be used to pay for a range of Great Estate Schemes and social value initiatives across the borough.
74. The successful 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.

75. The council is an officially accredited London Living Wage Employer and is committed to ensuring that, where appropriate, contractors and sub-contractors engaged by the council to provide works or services within Southwark or Greater London pay their staff at a minimum rate equivalent to the London Living Wage rate. For contracts performed outside London, all relevant staff should be paid at or above the real UK Living Wage. For these contracts, the quality improvements are expected to include a high calibre of 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 London Living Wage to be required. The successful contractors will be expected to meet the London Living Wage requirements and contract conditions requiring the payment of London Living Wage which 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 London Living Wage. Following award, these quality improvements along with gender pay gap reviews will be monitored as part of the contract review process.
76. The successful contractors shall consider trade union recognition in line with the council's Fairer Future Procurement Framework.
77. The successful contractors will be registered and accredited with the Transport for London Fleet Operator Recognition Scheme. Fleet Operator Recognition Scheme 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.
78. The successful contractors will need to demonstrate that they can meet the Mayors Good Working Standard foundation level or above and are committed to the End Violence at Work Charter.

Environmental/Sustainability considerations

79. The contracts will contain requirements to recycle existing material products.
80. The successful contractors will need to include for the use of either hybrid or electrical vehicles within the contracts setting out a 12 month implementation timescale.
81. The contracts will allow for smart technology to be installed to reduce energy consumption to communal areas whilst providing security lighting to deter crime.
82. These new contracts will continue replacing existing incandescent lamps with low energy LED lights which reduce energy usage by up to 75%.

Plans for the monitoring and management of the contract

83. The council's contract register publishes the details of all contracts over £5,000 in value to meet the obligations of the Local Government Transparency Code. The Report Author must ensure that all appropriate details of this procurement are added to the contract register via the eProcurement System. Annual Performance Reports will be presented in line with Contract Standing Orders.
84. Each year a review will be undertaken with Finance and Southwark Repairs to identify elements of the proposed contracts that can be brought in-house subject to benchmarking cost and performance. The results of this benchmarking exercise will be included in the Annual Performance Reviews.

Staffing/procurement implications

85. There will be no impact on asset management staff as the existing division are already performing the procurement and contract management functions.

Financial implications

86. For construction (works) contracts, the council's end user status will be clarified in relation to Domestic Reverse Charge (DRC) in the Gateway 2 report and advice sought from Finance if necessary.
87. The 2023-2024 for the contracts are as follows:

Contract A

Budget Code	Cost excluding VAT
GG93362106 revenue budget for electrical and lighting (contract north)	£2,091,350
GG93362126 fire alarms (contract north)	£ 163,771
Estimated capital (based on the assumption that financial resources will be available and considering other priorities across asset management).	£2,000,000
Total Estimated Contract Value	£4,255,121

Contract B

Budget Code	Cost excluding VAT
GG93362106 - revenue budget for electrical and lighting (contract south)	£1,900,604
GG93362126 fire alarms (contract south)	£ 163,700
Estimated capital (based on the financial resources will be available and considering other priorities across asset management).	£2,000,000
Total Estimated Contract Value	£4,064,304

88. The annual contract values are based on the above budgets and an allowance for capital which will be subject to financial resources being available.

Legal implications

89. Please see concurrent from the Assistant Chief Executive – Governance and Assurance.

Consultation

90. Consultation has been held to review existing contracts and how any lessons can be embedded into the new contracts.
91. It is recognised that this procurement has an impact on residents and therefore a consultation plan will be prepared and delivered to assist with informing residents and incorporating their views and concerns into the contract documents and contract management procedures.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance (H&M 23/010)

92. The Strategic Director of Finance notes the contents of this report including the financial implications section. As noted within the report, actual contract spend will be based on available budget resources. A wider review of all asset management contracts and budgets is required to prioritise revenue and capital budgets within the programme as a whole. However as a GW1 report, there are no direct financial implications resulting from this report.

Head of Procurement

93. The report seeks approval from cabinet for the strategy to undertake a tender procedure for two Electrical Installations Refurbishment and Maintenance contracts - Contract A - Bermondsey, Rotherhithe, Walworth and Borough and Bankside at an estimated annual cost of £4.26m and Contract B – Camberwell, Dulwich, Peckham and Nunhead at an estimated annual cost of £4.06m for a period of five years from October 2024 with the option to extend up to a further two years making the estimated total contract value for both contracts of £58.24m.
94. Cabinet notes the procurement route is detailed in paragraphs 27 to 34 and 47 to 63, the risks are detailed in paragraph 35, the impact on equalities, health and climate change are detailed in paragraphs 66 to 68, the management and monitoring of the contract is detailed in paragraphs 83 to 84, social value concept is detailed in paragraph 73 and confirmation of the payment of London Living Wage is detailed in paragraph 75.

Assistant Chief Executive – Governance and Assurance

95. This report seeks the approval of the Cabinet to the procurement strategy for two Electrical Installations Refurbishment and Maintenance contracts (A and B) as further detailed in paragraphs 1-3. As this approval relates to a Strategic Procurement then by virtue of contract standing order 6.4.3(a) the decision is reserved to the Cabinet after consideration of the report by CCRB.
96. The nature and value of these works are such that they are subject to the full tendering requirements of the Public Contract Regulations 2015 (PCR 2015). As noted in paragraph 33, the intention is that a restricted process should be undertaken following an advert in the Find a Tender Service. The tendering requirements of the PCR 2015 are therefore satisfied.
97. This report also seeks approval to the delegation of the Gateway 2 contract award decision to the Strategic Director of Housing, to facilitate award of this contract.
98. The Cabinet'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 is specifically referred to the community, equalities (including socio-economic) and health impacts at paragraphs 624-67 setting out the consideration that has been given to equalities issues which should be considered when approving the recommendations in this report.

Director of Exchequer (For Housing contracts only)

99. Contracts for the maintenance of tenanted properties and for fire detection in sheltered units and resident halls do not include service chargeable work and are not subject to leasehold consultation.
100. Contracts for electrical maintenance and refurbishment in communal areas, and for solar maintenance where applicable, do include service chargeable work and are qualifying agreements under the Commonhold and Leasehold Reform Act 2002. They are subject to consultation under S20 of the Landlord and Tenant Act 1985 (as amended).
101. For these contracts it will be necessary to serve Notice of Intentions on all council leaseholders in the borough under schedule 2 of the regulations before tenders are invited, and Notice of Proposals following receipt of tenders and before a contract is entered into.
102. The cost of work carried out under these agreements will usually be recharged to leaseholders via the annual service charge.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Darren Merrill, Council Homes	
Lead Officer	David Hodgson, Director of Asset Management (AM)	
Report Author	Gavin Duncumb, AM Commercial Manager	
Version	Final	
Dated	5 June 2023	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance	Yes	Yes
Head of Procurement	Yes	Yes
Assistant Chief Executive – Governance and Assurance	Yes	Yes
Director of Exchequer (For Housing contracts only)	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		5 June 2023