

Item No. 21.	Classification: Open	Date: 13 March 2018	Meeting Name: Cabinet
Report title:		Gateway 2 – Contract Award Approval Door Entry and Warden Call Contract	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing	

FOREWORD – COUNCILLOR STEPHANIE CRYAN, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING

The delivery of a responsive door entry and warden call system maintenance service is essential in helping to provide residents with a sense of security and safety. The service provided needs to be one that can respond quickly and efficiently as some of our most vulnerable residents are reliant on the warden call services in the event of an emergency.

This Gateway 2 report proposes to award the contract to Silk and Mackman Services Limited who are a local SME specialising in the manufacturing, installation and maintenance of door entry systems and this proposed award helps contribute towards boosting the local economy and employment market. The proposed contract has been informed by the outcome of market analysis and performance management of the current service provision and it is expected that the contract will deliver step change improvements in the service and will support our ongoing commitments to our residents.

RECOMMENDATIONS

1. That cabinet approves the award of the Door Entry and Warden Call contract to Silk and Mackman Services Limited for at an estimated annual cost of £1,210,000 for a period of four years from 1 June 2018 with the option to extend for a period of up to 2 years making a total estimated contract value of £7,260,000.

BACKGROUND INFORMATION

2. The planned procurement strategy was the subject of a Gateway 1 report approved by cabinet on 21 March 2017. The approved EU restrictive procedure procurement strategy was followed.
3. This contract creates a coherent approach to ensuring the safety of residents and compliance with regulations, reflecting that these customer-facing services are high volume responsive repairs services where resident satisfaction, right first time and response times are paramount. The scope of works will include the following;
 - responsive repairs and maintenance to door entry systems;
 - responsive repairs and testing of warden call systems;
 - builders work in connection with services

- door entry upgrades and replacement for major works projects
4. The total estimated value for the contract stands at £7.26m, broken down as follows:
 - Total cost for the initial four year period £4.84m
 - Total cost for additional two year period £2.42m
 5. The contract contains a building maintenance information adjustment that is due on 1 April each year.

Procurement project plan (Key Decision)

Activity	Completed by/Complete by:
Forward Plan (If Strategic Procurement) Gateway 2	01/01/2018
Briefed relevant cabinet member (over £100k)	20/02/2017
Approval of Gateway 1: Procurement Strategy Report	21/03/2017
Issue Notice of Intention (Applies to Housing Section 20 Leaseholder Consultation)	10/04/2017
Invitation to tender	10/11/2017
Closing date for return of tenders	11/12/2017
Completion of evaluation of tenders	09/01/2018
Issue Notice of Proposal (Applies to Housing Section 20 Leaseholder Consultation)	15/01/2018
DCRB Review Gateway 2:	05/02/2018
CCRB Review Gateway 2:	8/02/2018
Notification of forthcoming decision – despatch of Cabinet agenda papers	01/03/2018
Approval of Gateway 2: Contract Award Report	13/03/2018
End of Scrutiny Call-in period and notification of implementation of Gateway 2 decision	21/03/2018
Alcatel Standstill Period (if applicable)	03/04/2018
Contract award	04/04/2018
Add to Contract Register	06/04/2018
TUPE Consultation period (if applicable)	31/05/2018

Activity	Completed by/Complete by:
Contract start	01/06/2018
Publication of award notice in Official Journal of European (OJEU)	20/04/2018
Publication of award notice on Contracts Finder	23/04/2018
Contract completion date	31/05/2022
Contract completion date – if extension(s) exercised	31/05/2024

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

6. These services will ensure that the council has arrangements for warden call and door entry systems are in place and properly maintained across the wards. These services form part of the safety and risk management strategy to safeguard the residents and the council's assets, and to create a safe environment for all premises users and further the council's objectives for safer communities.

Policy implications

7. This contract will provide an essential service to the community. It supports the council's statutory obligations as a landlord to comply with the Building Regulations 2010 and the Housing Act 2004.

Tender process

8. Following the placement of the OJEU advertisement on 24 August 2017, the PQQPAS91 Pre-Qualification Questionnaire (PQQ) documents and the Invitation to Tender (ITT) were uploaded to ProContract and Contracts Finder website for tenderers to view and download.
9. The PQQ contained the following criteria
 - Section C1 – General Information (Information only)
 - Section C2 – Financial and Insurance (Pass /Fail)
 - Section C3 - Mandatory and Discretionary Exclusions (Pass /Fail)
 - Section C4 – Health and Safety (Pass /Fail)
 - Section O1 – Equal Opportunities (Information only)
 - Section O2 – Environmental Management and Capability (Pass /Fail)
 - Section O3 – Quality Management and Capability (Information only)
 - Section S1 – Technical and Professional Capability contained 14 questions, 9 of which were technical questions and an additional 5 quality questions to

designed to ensure applicants met the council's requirements and were fully evaluated.

10. A total of 13 companies returned completed PQQ submissions by the required deadline of 1pm on 22 September 2017.
11. The PQQ set out that the top five highest ranked applicants for the contract would be invited to tender but reserved the right to invite the sixth ranked applicant should they obtain a score that was within 2% (10 points) of the fifth ranked applicant's score. The sixth ranked applicant did not achieve a score within 2% of the fifth ranked applicant.
12. The PQQs were evaluated by officers in the asset management team and housing finance.
13. The top five applicants were invited to tender. These are detailed below:
 - AJS Ltd
 - Digi Vision Group Limited
 - Oakray Limited
 - SCCI Alphatrack Ltd
 - Silk And Mackman Services Limited
14. The shortlisted companies were invited to tender on 10 November 2017 with the instruction to return a completed tender by 11 December 2017.
15. Five tenders were returned via ProContract on or by 1pm on 11 December 2017 and were opened on 14 December 2017. These were then checked for compliance.

Tender evaluation

16. The Tender Evaluation Panel (TEP) consisted of council officers from asset management.
17. The commercial envelopes were evaluated by a senior quantity surveyor from the council and that the quality evaluation was evaluated by officers from the council's procurement and electrical services teams.
18. Tenders were evaluated on the basis of M.E.A.T (most economically advantageous tender) using a weighted model of 70:30 price and quality.
19. All tenders were initially checked for completeness and compliance with the ITT documents as set out in the Tender Evaluation Methodology (TEM) before the price evaluation was carried out. The TEM is included in the appendix.
20. A price schedule model was used that contained various annexes covering the different work streams and hourly rates. This tendering approach was intended to preclude tactical tendering of any work streams and reduce the risk of uncontrolled expenditure.
21. Each annexe contained a pre-priced schedule of rates and indicative quantities for each schedule based on historical data and the tenderers were required to put either a +/-% against each annexe, including their hourly rate.
22. Price evaluation was marked out of 70%, composed of 40% for the lowest price and 30% award on the basis of proximity to the mean average price of all tendered prices.

23. As a measured term contract is proposed, the figures and quantities used in the price evaluation were indicative only, to enable an evaluation of the relative prices of the tenders. Final spend will be demand led in accordance with the available budget. Each tendered price was scored against Best (Lowest) Price and Proximity to the Mean Average of all tendered prices. Tender prices submitted and the respective scores are as follows.

Ref	Contractor	Tender Sum (£)*	Best Price % Score 40 Points available	Mean Avg Price % Score 30 Points available	Combined Price Score Total
1	AJS LTD	£1,438,437	19.12%	21.4%	40.57
2	DIGI VISION GROUP LIMITED	£687,532	40.00%	23.75%	63.75
3	OAKRAY LIMITED	£1,028,662	26.74%	30.00%	56.74
4	SCCI ALPHATRACK LTD	£893,704	30.77%	28.22%	58.99
5	SILK AND MACKMAN SERVICES LIMITED	£919,514	29.91%	28.91%	58.82

* Note tender sum figures are for evaluation purposes only.

24. All priced documents submitted were checked for arithmetical errors and qualifications.
25. The quality assessment was based on the information received from tenderers in response to method statements covering mobilisation, service delivery, quality control and compliance and the London Living Wage.
26. Each member of the TEP independently assessed each method statement response in accordance with the scoring guidelines detailed in the Tender Evaluation Methodology. The TEP then checked the scoring for consistency and agreed a consensus score. Final scores were calculated to ascertain the tenderer's overall score.

27. A summary of results from the quality evaluation is shown in the table below.

ITT Quality Score Summary 0~5 Scores	Resources - Method Statement 1			Service Delivery - Method Statement 2 - Door Entry and Warden Call Works			Quality Control and Compliance - Method Statement 3	London Living Wage (LLW) - Method Statement 4	
	Page limit: Four (4) A4 Pages Arial Font size 11 plus a separate structure chart.			Page limit: Twenty (20) A4 Pages Arial Font size 11.			Page limit: Four (4) A4 Pages Arial Font size 11.	Page limit: Two (2) A4 Pages Arial Font size 11.	
Tenderer	A. Resources for Mobilisation	B. Contract Roles and Responsibilities	i. Door Entry repairs	ii. Maintaining old door entry installations	iii. Warden call repairs and PPM Works	iv. Emergency out of hours service	Quality and compliance during and after the Works	A. Administer and Monitor	B. Identification of Productivity Gains
AJS LTD	2	2	2	3	2	0*	3	2	3
DIGI VISION GROUP LTD T/A DIGIGROUP LTD	2	3	3	2	2	2	3	2	3
OAKRAY LIMITED	3	2	2	2	2	3	3	2	2
SCCI ALPHATRACK LTD	3	3	3	2	3	4	3	2	1
SILK AND MACKMAN SERVICES LIMITED	4	3	4	4	4	4	4	4	4
Note	A zero score was given to AJS Ltd for the question MS2iv because their answer was in the pages that exceeded the allowed 20 page limit								

28. Tenderers were required to submit a method statement proposal answering the questions contained within the Quality Submission Schedule attached. This

method statement will be incorporated into the contract as the contractor's planned way of working/operating throughout the contract period.

29. All submissions were scored against the same criteria / sub criteria and sub-weightings as set out in this schedule.
30. The TEM included the requirement that for method statements two (2), three (3) and four (4) a tenderer must score 3 (good) for each of the sub-criterion otherwise it may be rejected. It was decided not to exclude any tenderer on this basis. As is shown above only Silkman and Mackman Services Ltd achieved a score of three and above for every sub-criterion.
31. The 0~5 scores shown above resulted in the weighted scores shown below.

Tenderer	Method Statement 1: Resources Maximum Score of 4	Method Statement 2: Service Delivery Maximum Score of 20	Method Statement 3: Quality Control and Improving Service Delivery Maximum Score of 4	Method Statement 4: London Living Wage (LLW) Maximum Score of 2	Total Maximum Score of 30	Position
SILK AND MACKMAN SERVICES LIMITED	2.8	16.8	3.2	1.6	24.4	1 st
SCCI ALPHATRACK LTD	2.4	12.4	2.4	0.6	17.8	2 nd
DIGI VISION GROUP LTD T/A DIGIGROUP LTD	2	9.4	2.4	1	14.8	3 rd
OAKRAY LIMITED	2	9.4	2.4	0.8	14.6	4 th
AJS LTD	1.6	7.6	2.4	1	12.6	5 th

32. The table below shows the tenderers combined price and quality scores and identifies the successful tenderer.

Tenderer	Combined Price % Score Total	Quality % Score 30 Points available	Total % Score	Position
SILK AND MACKMAN SERVICES LIMITED	58.82%	24.4%	83.22%	1st
DIGI VISION GROUP LTD T/A DIGIGROUP LTD	63.75%	14.8%	78.55%	2nd
SCCI ALPHATRACK LTD	58.99%	17.8%	76.80%	3rd
OAKRAY LIMITED	56.74%	14.6%	71.34%	4th
AJS LTD	40.57%	12.6%	53.17%	5th

Plans for the transition from the old to the new contract

33. The council's asset management team will develop an overall plan to manage and monitor this critical phase ensuring transition for the current service delivery to the new contract is successful.

34. The mobilisation plan will include;

- I-World transition with programmed closure of existing SOR's and commencement of new SOR's including briefing call-centre
- IT user set-ups and systems testing, and i-World training for contractor staff
- Arranging for current service providers to transfer keys, data, permits and other Southwark assets to the new contractors.
- TUPE transfers for relevant employees.
- Distribution of the asbestos register and briefing to new contractors.
- Contractors internal mobilisation planning including fleet preparation, stock acquisition and staff briefings.

Plans for monitoring and management of the contract

35. The contract will managed by the asset management team.

36. Key performance indicators will be set and challenged to ensure the successful contractors' performance. In particular, targets will be set to ensure all

emergency lighting, periodic testing and lightning protection inspections are completed within the statutory timescales.

37. The table below shows the Key Performance Indicators (KPIs) for the contracts:

NO	Key Performance Indicator	Minimum Target Percentage %	Council's Aspirational Target Objective %
1.	Right first time	90%	95%
2.	Percentage of Priority Code 0 and 1 Orders completed within the stipulated time periods.	95%	98%
3.	Percentage of Priority Code 2, 3 and 4 Orders completed within the stipulated time periods.	95%	98%
4.	Percentage of Orders for which a Recall Notice (Default Notice) has not been issued within the calendar month.	98%	99%
5.	Percentage of overbooking on Orders jointly inspected by Contractor and Contract Administrator	95%	96%

38. The asset management team will undertake audit site inspections to ensure that method statements are adhered to and repair and installation works are compliant and delivered to a high standard.
39. The asset management team will review all applications for payment and monitor and administer defaults and recovery of costs for poor performance.
40. Monthly progress meetings with Silk and Mackman Services Ltd and the asset management team, will be arranged and recorded to review performance and compliance.
41. Silk and Mackman Services Limited will be required to complete and return annual compliance checks to ensure that they comply with London Living Wage payment undertakings, contractual insurance and professional certification. The commercial team shall carry out annual financial checks.
42. The asset management team will submit annual performance review reports to CCRB, and six monthly reports to DCRB.

Identified risks for the new contract

43. The table identifies the specific risks associated with this contract, the likelihood of occurrence and the controls in place to mitigate the risk;

R/N	Risk	Likelihood	Risk Control
R1	Possible risk of challenge on award of this contract	Low	The procurement has been undertaken in accordance with the stated evaluation methodology that complies with the Public Contracts

R/N	Risk	Likelihood	Risk Control
			Regulations 2015.
R2	The contractor ceases trading, or into liquidation / administration	Low	<p>The Approved List of contractors will be used whilst re-procuring the contract should this occur.</p> <p>The financial stability of the organisation will be continuously monitored throughout the contract through the contract management process. The parent company, Cheema Holdings Limited will be required to provide a parent company guarantee and will also be monitored for financial stability.</p> <p>Mint credit checks were carried out as part of tendering process.</p> <p>A retention will be held on all interim payments to mitigate against the risks involved of company failure.</p>
R3	Ineffective mobilisation	Low	<p>The engineering & compliance electrical service team will manage the mobilisation of the contracts with clear objectives defined at the outset.</p> <p>The tender selection included a method statement covering mobilisation for which Silk and Mackman scored well.</p> <p>The contractor is an established i-World User.</p>
R4	The contractor is unable to fulfil the requirements of the contract e.g. poor performance, leading to the need to terminate the contract.	Low	<p>If the contractor fails the Approved List of contractors will be used whilst re-procuring the contract should this occur.</p> <p>The tender selection process reduces the likelihood of poor performance through the use of method statements to evaluate tenderers capacity to deliver.</p>

Community impact statement

44. The contract will have a medium community impact as it contributes to the safety and risk management strategy to safeguard the residents and the council's assets, and to create a safe environment for all premises users and further the council's objectives for safer communities; and that the warden call systems are installed in the council's sheltered housing units and hostels to provide security and care.

Social value considerations

45. 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 social value considerations included in the tender (as outlined in the Gateway 1 report) are set out in the following paragraphs in relation to the tender responses, evaluation and commitments to be delivered under the proposed contract.

Economic considerations

46. The full cost to the council and the life span of the contract is set out in the paragraph 1 of this report.
47. Silk and Mackman Services Limited operates an apprenticeship scheme and has confirmed that it will take on two apprentices for the initial contract term. This will be monitored by the asset management team and reported in the annual performance review reports.
48. The council has requested the necessary information from Silk and Mackman Services Limited (using the council's standard documentation in relation to blacklisting) and the company has confirmed that it has not taken part in any blacklisting. The contract conditions also includes an express condition requiring compliance with the Employment Relations Act 1999 (Blacklists) Regulations 2010 and include a provision to allow the contract to be terminated for a breach of these requirements. The commercial team will carry out an annual check to ensure compliance with the Regulations as part of the annual performance review.
49. Silk and Mackman Services Limited confirmed that it is aware of and comply with the council's Equal Opportunity Policy and have provided their own policy documents as part of their PQQ submissions.

Social considerations

50. The council is an officially accredited London Living Wage (LLW) employer and is committed to ensuring that, where appropriate, our contractors and subcontractors pay staff at a minimum rate equivalent to the LLW rate. The Gateway 1 report dated 21 March 2017 confirmed, for the reasons stated in the report, payment of London Living Wage (LLW) was an appropriate and best value requirement for the contracts. Silk and Mackman Services Limited have confirmed that they already exceed the LLW requirements. Following award, any associated quality improvements and cost implications linked to the payment of LLW will be monitored as part of the annual contract review process for each contract.
51. Silk and Mackman Services Limited is expected to demonstrate compliance with the Modern Slavery Act and to monitor the activities of its subcontractors in relation to the act, and has confirmed that they comply with section 54 ("Transparency in supply chains etc") of the Modern Slavery Act 2015 in their PQQ submissions.

52. The contractor is encouraged to register with and seek to secure accreditation through the TfL Fleet Operator Recognition Scheme (FORS). Silk and Mackman Services Limited is not currently registered on FORS.

Environmental/sustainability considerations

53. All disposals will be in accordance with the Waste Electrical and Electronic Equipment Directive (WEEE Directive).
54. The use of low emission vehicles and planning of journeys will be encouraged within the contract.
55. Silk and Mackman Services Limited will use low energy equipment to reduce CO2 emissions.
56. Silk and Mackman Services Limited will be issued with the Asbestos Register, and collaborate with the housing maintenance and compliance asbestos coordinator as required.

Market considerations

57. Silk and Mackman Services Ltd is a specialist Small and Medium-sized Enterprise that manufactures, installs and maintains door entry and warden call systems. It operates in south London from a base in Camberwell. It currently employs over 60 staff including management, call-centre personnel and technicians.

Staffing implications

58. There will be no impact on staff as the existing asset management team are already performing the contract management functions.

Financial implications (FIN1024)

59. The Door Entry and Warden Call contract is from 1 June 2018 for a period of four years at an estimated cost of £1.21m per annum.
60. The current contract budget for the Door Entry and Warden Call contract is £484k and there is a further £726k making £1.21m available for door entry upgrades and replacement for major works projects, which is sufficient to cover the estimated cost. As these contracts are demand driven, the costs will need to be monitored carefully.
61. The responsive repair element of the contract is rechargeable to leaseholders, so will need to remain separately identifiable.
62. Whilst there is no planned savings for 2018-19, this may be subject to savings at a future date.

Second stage appraisal (for construction contracts over £250,000 only)

63. Second stage financial appraisals were obtained from Mint.co.uk for all tenderers on 16 October 2017. The PQQ stated that a Mint score of 40 or above was

required in order to meet the minimum financial requirement. All the contractors met the minimum requirement.

64. Silk and Mackman Services Limited achieved a Mint credit score of 72.

Legal implications

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

Consultation

66. Consultation with residents will be held at the monthly Tenant and Resident Association meetings that address contract performance, planned works and other relevant matters.
67. Tenant Management Organisations will also be consulted throughout the mobilisation period where communal repairs are the responsibility of the council.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (FC17/077)

68. The strategic director of finance and governance notes the recommendation in this report for the award of a Door Entry and Warden Call contract. The contract will incur costs in financial years 2018-19 to 2021-22 and potentially beyond.
69. The costs of the contract are met by the Housing Revenue Account and are service chargeable under the terms of the leases. It is important that costs are carefully monitored to ensure that the relevant budgets are not exceeded.

Head of Procurement

70. This report is seeking Cabinet approval for the award of a door entry and warden call contract for a maximum period of six years.
71. The procurement strategy set out in the previously approved Gateway 1 report has been followed with a full restricted EU competitive process being undertaken.
72. Paragraphs 8 – 32 of the report describe the evaluation process that was carried out and that tenders were evaluated using a weighted model to determine the most economically advantageous tender (MEAT). The report confirms that the evaluation of price included further sub weighting with 40% available for the lowest price and 30% available on the basis of proximity to the mean average . The report confirms that the recommended provider achieved the highest combined score on both quality and price.
73. Paragraphs 33 -34 confirms the transition and mobilisation plan to ensure that the transfer of the existing contract is successful.
74. Paragraphs 35 - 42 describe how the contract will be managed and monitored throughout the term of the contract, that in addition to the key performance targets site inspections will be routinely undertaken to ensure that method statement submitted as part of the tenders are adhered to. The report confirms

that due to the value of this contract and annual performance report will be submitted to the council's corporate contract review board (CCRB).

Director of Law and Democracy

75. This report seeks the approval of cabinet to the award of a door entry and warden call contract to Silk and Mackman Services Ltd as further detailed in paragraph 1.
76. The nature and value of these services are such that they are subject to the tendering requirements of the Public Contract Regulations 2015 (EU regs). This report confirms that, as required by law, tenders were sought from contractors following an EU procurement exercise and that the most economically advantageous tender is recommended for acceptance. A contract award notice will be posted in OJEU within 30 days of the award of the contract.
77. As this contract is subject to the EU regs, there is a requirement to allow a standstill period of a minimum of 10 calendar days between notification of the successful company that they have won the contract and the award of the contract to that company, so as to allow unsuccessful companies the opportunity to challenge (if they decide to) the award of this contract.
78. As the contract award falls within the circumstances noted in contract standing orders (CSO) 6.5.2(a), the decision to approve this award is reserved to the cabinet, after consideration of this report by the corporate contract review board.
79. CSO 2.3 requires that no steps should be taken to award a contract unless the expenditure has been approved. Paragraphs 59-62 confirm the financial implications of this award.

Director of Exchequer

80. The door entry element of this contract is for work that is service chargeable under the terms of the leases. The contract is a qualifying long term agreement under the terms of the Commonhold and Leasehold Reform Act 2002 and consultation was undertaken under schedule 2 of the regulations. Notice of Intention was served in April 2017. Notice of Proposal was served on 22 January 2018 and the period for observations to be made ended on 28 February 2018. Six observations were received from leaseholders, mainly in regard to contract management. All observations have been given due regard and have received a substantive response. There were no observations received which would lead to a delay in letting the contract. Further details of the observations received and responses given are available from Homeownership Services.
81. The costs arising from the contract will usually form part of the annual service charges. Any individual orders made under the contract will be subject to further consultation where individual service charge contributions are in excess of £250.

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1 -- Procurement Strategy approval: Door Entry and Warden Call Contract	Housing & modernisation, asset management	Gavin Duncumb 020 7525 0685
Link (copy and paste into your browser):		
http://modern.gov.southwark.gov.uk/documents/s67301/Report%20Door%20entry%20and%20warden%20call%20contract.pdf		

APPENDICES

No	Title
Appendix 1	Door Entry and Warden Call Works (Tender Documents) Section 6 - Evaluation Information (incorporating the Evaluation Methodology and Quality Submission Schedule)

AUDIT TRAIL

Cabinet Member	Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing	
Lead Officer	Dave Markham, Director Asset Management	
Report Author	Rod Davies, Procurement manager	
Version	Final	
Dated	13 February 2018	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Democracy	Yes	Yes
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	1 March 2018	