

Item No.	Classification: Open	Date: 4 June 2019	Meeting Name: Strategic Director of Environment and Leisure
Report title:		Gateway 2 - Contract Award Approval Void Works for Traded Services	
Ward(s) or groups affected:		All	
From:		Director of Environment	

RECOMMENDATION(S)

1. That the Strategic Director of Environment and Leisure approves the award of Contract A – Void Works for Traded Services to BCS (Electrical And Building) Ltd for the estimated maximum contract sum of £350,000 per annum for a period of 12 months commencing from 1 July 2019.
2. That the Strategic Director of Environment and Leisure approves the award of Contract B – Void Works for Traded Services to GC Construct Ltd for the estimated maximum contract sum of £340,000 per annum for a period of 12 months commencing from 1 July 2019.
3. That the Strategic Director of Environment and Leisure approves the award of Contract C – Void Works for Traded Services to Sandersons Building Services Ltd for the estimated maximum contract sum of £310,000 per annum for a period of 12 months commencing from 1 July 2019.

BACKGROUND INFORMATION

4. The planned procurement strategy was the subject of a Gateway 1 report approved by the Strategic Director of Environment and Leisure on 13 February 2019. The approved competitive tendering procurement strategy was followed.
5. The scope of works for the three new contracts will include the following:
 - Repair Works to void properties (including cleaning and garden works)
 - Decorative Works to void properties
 - Electrical Works to void properties
6. The three new contracts each cover the entire borough of Southwark and each provide all of the works noted at paragraph 5 above.
7. The total estimated value for the contracts stands at £1m for a period of 12 months.
8. The prices are fixed for the duration of the contracts.

Procurement project plan (Key Decision)

9.

Activity	Completed by/Complete by:
Forward Plan for Gateway 2 decision	21/03/2019
Briefed relevant cabinet member (over £100k)	05/02/2019
Approval of Gateway 1: Procurement Strategy Report	13/02/2019
Invitation to tender	24/04/2019
Closing date for return of tenders	10/05/2019
Completion of evaluation of tenders	21/05/2019
DCRB Review Gateway 2:	04/06/2019
Notification of forthcoming decision – Five clear working days	11/06/2019
Approval of Gateway 2: Contract Award Report	11/06/2019
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	18/06/2019
Contract award	19/06/2019
Add to Contract Register	20/06/2019
Contract start	01/07/2019
Publication of award notice on Contracts Finder	21/06/2019
Contract completion date	30/06/2020

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

10. These contracts will ensure that the council has arrangements for void works to meet peak demands and provide a backup to Traded Services. This increased capacity will enable void properties across the borough to be returned in a timely manner and to the lettable standard. This will provide new accommodation for current and prospective residents of council properties.

Key/Non Key decisions

11. This report deals with a key decision

Policy implications

12. The works provided through these contracts will contribute to the council's Fairer Future Promise of quality affordable homes, improving housing standards and revitalising neighbourhoods.

Tender process

13. As outlined in the Gateway 1 report approved on 13 February 2019, contract standing orders (CSOs) require a minimum of 5 contractors to be invited to tender from the council's works Approved List. On this occasion, 9 contractors were invited to tender for these works.
14. Prior to tendering, all companies were contacted via email and telephone, outside of the e-portal, in order to notify them of the opportunity and to ensure that they had access to the pro-contract system and the tender documents.
15. Tenders were issued on 24 April 2019 with a return date by 1pm on 10 May 2019. Responses were received from seven tenderers. Two tenderers did not return a tender submission without giving reasons despite showing initial interest.

Tender evaluation

16. Seven bids were returned via the e-portal by the deadline of 1pm on 10 May 2019. They were unsealed by an officer from the Finance and Governance department on 13 May 2019 and checked for compliance.
17. Tenders were evaluated on the basis of price and quality as outlined in the Gateway 1 report. This included a check of tenderers documents and registration with Exor/SafeContractor approved list.
18. All tenders were initially checked for completeness and compliance with the tender documents as set out in "6 – Voids Evaluation Information" before the price evaluation was carried out. The price was evaluated by a quantity surveyor from Traded Services.
19. A price evaluation model was used that contained pre-priced rates covering the main work carried out in void properties. The total of these rates provided a baseline price against which the tenderers were required to add or subtract their percentage. This percentage adjusted price was then used to rank the tenderers.
20. The baseline price for total rates was £308,945.56. Tenderers could apply their percentage adjustments to come in higher or lower than this figure. The lowest three tenderers would be awarded contracts in accordance with the Gateway 1 report.
21. 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.
22. Final expenditure will be demand led in accordance with the available budget.
23. Tender prices submitted and the respective rankings are as follows.

Ranking	Contractor	Tender sum
1	BCS (Electrical and Building) Ltd	£263,839.51
2	GC Construct Ltd	£278,051.00

3	Sandersons Building Services Ltd	£281,140.46
4	Bidder D	£282,685.19
4	Bidder E	£282,685.19
6	Bidder F	£284,229.92
7	Bidder G	£308,945.56

24. The evaluation methodology detailed that three contracts would be awarded based on the most economically advantageous rates. Contract A will be awarded to the lowest price tenderer, Contract B will be awarded to the second lowest tenderer and Contract C will be awarded to the third lowest tenderer.

Plans for the transition from the old to the new contract

25. The council's Traded Services team will develop an overall plan to manage and monitor this critical phase ensuring transition from the current service delivery arrangements to the three new contracts successfully.

26. The mobilisation plan will include:

- Setting up contractors and schedule of rates on Impact Response
- Impact Response training for contractors
- Provision of keys, data, permits and all necessary assets to the new contractors
- 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

27. The contracts will be managed by the Traded Services management team.

28. Key Performance Indicators (KPIs) will be set and monitored to ensure the successful contractors' performance. In particular, targets will be set to ensure all void works are completed within the contractual timespans.

29. The below table shows the KPIs for the contracts.

NO	Key Performance Indicator	Minimum Target Percentage %
1.	Variations to void order below 10% original value	90%
2.	Snagging completed prior to handover meeting	90%
3.	Percentage of Priority Code 1 and 3 Orders completed within the stipulated time periods.	95%
4.	Average Completion Days for all non priority orders (Days)	15

30. The Traded Services team will undertake audit site inspections to ensure works are compliant and delivered to a high standard.

31. The Traded Services team will review all applications for payment and monitor and administer defaults and recovery of costs for poor performance.
32. Monthly progress meetings with the contractors and the Traded Services management team will be arranged and recorded to review performance and compliance.
33. Each contractor will be required to complete and return annual compliance checks to ensure they comply with the London Living Wage payment undertakings, contractual insurance and professional certification. The commercial team will carry out annual financial checks.

Identified risks for the new contract

34. The table below identifies the specific risks associated with these contracts, the likelihood of occurrence and the controls in place to mitigate the risks.

R/N	Risk	Likelihood	Risk Control
R1	Any or all the contractors go into liquidation, administration or cease trading.	Low	The contracts contain the provision for the contractors to act as backup for each other. If all contractors cease trading, then the council's works Approved List will be used whilst re-procuring the contract(s) should this occur. The financial stability of the organisations will be continuously monitored throughout the contracts through the contract management process. Retention will be held on all interim payments to mitigate against the risks of company failure by any contractor. A Parent Company Guarantee will not be taken up as all of the contractors are stand alone entities.
R2	Ineffective mobilisation	Low	Mobilisation meetings and communications will be carried out in the short run to contract start.
R3	One or all contractors unable to fulfil the requirements of the contract e.g. poor performance, leading to the need to terminate the contract.	Low	The council will use back up arrangements within the contract. If all fail, the Approved list of contractors will be used whilst re-procuring the contract(s) should this occur.

Community impact statement

35. The Public Sector Equality Duty contained in the Equality Act 2010 has been considered and no individual or group has been nor will be disadvantaged, either in the procurement process or following award of contracts.
36. The three contracts are borough wide and support the council's Fairer Future Promises for quality affordable homes and revitalised neighbourhoods.
37. These contracts will be of low impact to tenants, homeowners and other stakeholders as these are works to void properties.

Social Value considerations

38. 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

39. The full cost to the council and the life span of each contract is set out in paragraphs 1, 2 and 3 of this report.
40. Each contractor will provide two week slots for one (1) student per annum for local school work experience for administration work and each provide opportunity for one (1) apprenticeship for the duration of the initial term of the contracts. This will be monitored by the Traded Services team and reported in the annual performance review reports.
41. The contract conditions 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.

Social considerations

42. The contractors have demonstrated that they operate an Equal Opportunity Policy and that they are fully aware of and compliant with the council's own Equal Opportunity Policy in particular.
43. The three contractors have each confirmed that they exceed the LLW requirements. Following award, quality improvements and costs implications linked to the payment of LLW will be monitored as part of each contract review process.

Environmental/Sustainability considerations

44. The use of low emission vehicles and the planning of journeys will be encouraged within the contracts.

Market considerations

45. Each of the successful contractors is a regional, small enterprise (less than 50 employees), private, and limited company.
46. BCS (Electrical and Building) Ltd is based in the borough of Southwark (Rotherhithe), Sandersons Building Services Ltd is based in the neighbouring borough of Lewisham (Deptford), and GC Construct Ltd is based in the nearby borough of Greenwich (Eltham).

Staffing implications

47. There are no staffing implications.

Financial implications

48. The SLA for Repairs and Maintenance Works to Housing properties is based on c.£15.4m of works being carried out annually by Traded Services. The SBS Business plan estimates that 10% of these works will not be carried out by SBS direct labour and will be contracted externally. Discounting these works for any potential uplifts results in c.£1m of works being available annually to external contractors.
49. In the main these works will relate to Voids and are currently carried out by a mixture of SBS direct labour and ad hoc arrangements with contractors.
50. The contractors have been sought to formalise operational delivery in line with the SLA, with the apportionment for the next 12 months between the three being as laid out in paragraphs 1, 2 and 3 in the "recommendations" section above.
51. The tender sum is based on the prices submitted by the tenderers against a specified project in the price evaluation document. The total estimated contract value reflected in the recommendations are based on the total budget available for various work streams expected in this area using the rates submitted by the tenderers. The activity level however is controlled by the client and the final expenditure is demand led based on the budget available
52. The annualised cost has been budgeted with-in the HRA.

Investment implications

53. There are no investment implications

Legal implications

54. The procurement process described above and the proposed contract awards are consistent with relevant legislation and with the requirements of the council's Contract Standing Orders.

Consultation

55. Consultation has been carried out with all relevant parties.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (EL19/017)

56. This report recommends that the strategic director of Environment and Leisure approves the award of the contract for void works at an estimated cost of £1,000,000 per annum to BCS (Electrical And Building) Ltd, GC Construct Ltd and Sandersons Building Services Ltd for a period of 12 months commencing from 1 July 2019.
57. The strategic director of finance and governance notes that the source of the funding for the contract is the Housing Revenue Account and that there are no other financial implications.
58. Contract expenditure will be monitored on a regular basis as part of the departmental revenue monitoring process. Staffing and any other costs connected with this report will be contained within existing departmental revenue budgets.

Head of Procurement

59. A formal concurrent is not required as the estimated value of the contracts is below the EU advertising threshold for works.

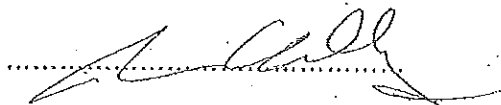
Director of Law and Democracy

60. A formal concurrent is not required as the estimated value of the contracts is below the EU advertising threshold for works.

PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS

Under the powers delegated to me in accordance with the council's Contract Standing Orders, I authorise action in accordance with the recommendation(s) contained in the above report.

Signature



Date: 14th June 2019

Designation: Chief Executive

PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:

- 1) All key decisions taken by officers
- 2) Any non-key decisions which are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available.

1. DECISION(S)
As set out in the recommendations of the report.

2. REASONS FOR DECISION
As set out in the report.

3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION
Not applicable.

4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION

5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST
<i>If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.</i>

6. DECLARATION ON CONFLICTS OF INTERESTS
I declare that I was informed of no conflicts of interests.

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Gateway 1 Procurement Strategy Approval for Backup Void Works for Traded Services	Traded Services	Steven Johnston 07927567305
Link: K:\Procurement\Voids\Voids\Gateways		

AUDIT TRAIL

Lead Officer	John Wade, Acting head of Traded Services	
Report Author	Steven Johnston, Senior Quantity Surveyor, Traded Services	
Version	Final	
Dated	23/05/2019	
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)	N/A	N/A
Cabinet Member	N/A	N/A
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	N/A	N/A
Cabinet	N/A	N/A
Date final report sent to Constitutional/Community Council/Scrutiny Team	N/A	

BACKGROUND DOCUMENT – CONTRACT REGISTER UPDATE - GATEWAY 2

Contract Name	Void Works for Traded Services
Contract Description	Works to void properties in assistance to SBS operatives
Contract Type	Works
Lead Contract Officer (name)	Steven Johnston
Lead Contract Officer (phone number)	07927567305
Department	Environment and Leisure
Division	Traded Services
Procurement Route	5 tenders from the approved list
EU CPV Code (if appropriate)	N/A
Departmental/Corporate	Departmental
Fixed Price or Call Off	Fixed
Supplier(s) Name(s)	BCS (Building and Electrical) Ltd, GC Construct Ltd, Sandersons Building Services Ltd
Contract Total Value	£1,000,000
Contract Annual Value	£1,000,000
Contract Start Date	1 July 2019
Initial Term End Date	30 June 2020
No. of Remaining Contract extensions	N/A
Contract Review Date	N/A
Revised End Date	N/A
SME/ VCSE (If either or both include Company Registration number and/or registered charity number)	BCS 3347301 GC Construct 09809730 Sandersons 11253394
Comments	N/A
London Living Wage	Yes

This document should be passed to the member of staff in your department responsible for keeping your departmental contracts register up to date.

