

Item No.	Classification: Open	Date: 5 May 2021	Meeting Name: Cabinet Member for Council Housing
Report title:		Gateway 1 Procurement Strategy Approval Removals, storage and disposal services	
Ward(s) or groups affected:		All	
From:		Strategic Director of Housing & Modernisation	

RECOMMENDATIONS:

That the Cabinet Member for Council Housing:

1. Approves the procurement strategy outlined in this report to use the Yorkshire Purchasing Organisation (YPO) framework for the provision of removals, storage and disposal services contract at an estimated annual cost of £750k for a period of two years with an option to extend for up to a further two years (in two 12-month increments) making a total estimated contract value of £3m commencing on 1 October 2021.
2. Notes that the Council has signed a non-committal YPO customer access agreement at no cost which allows officers access to the YPO framework.

BACKGROUND INFORMATION

3. Currently there is one contract providing removals, storage and disposal services in place with Harrow Green Ltd (Harrow Green). This call-off contract is currently managed by the Council's resident service team and the framework is managed by YPO. This contract commenced on 1 October 2016 for an initial three year period with the provision to extend for a further two years. The two year extension was utilised via a Gateway 3 report dated 30 August 2019, meaning an expiry date of 30 September 2021.
4. The existing contract provides services to the various council department service users who act on behalf of tenants and residents who may need personal items stored in the following circumstances:
 - a. where council tenant items remain in premises that have been made void, these items are moved into storage for a period of time after which, if unclaimed by the owner or not transported to alternative premises, the items are disposed of;
 - b. where council tenants are relocated and their items are removed and transported to new premises;
 - c. to remove and transport council office items within or between council premises;
 - d. to remove and transport items from schools when required;

- e. to supply packing cartons and crates, pack and unpack items, dismantle and reassemble furniture, arrange disconnection and reconnection of gas and electrical appliances as instructed; and
 - f. where crate hire services are required, include crates, file trolleys, IT crates, labels and roll cages.
5. The existing contract enables the Council to deliver on its obligations to store goods left in its premises and to commission the transport of goods from one location to another such as when rehousing residents or decommissioning council facilities.
6. The Council's resident services team manage the current contract for various council departments to use. They consulted internally to users of the service of which 98% responded satisfied.
7. The new contract must provide the following services:
 - Office and tenant relocations;
 - Crate hire; and
 - Goods storage and disposals (removal and transport services for relocation).
8. For the reasons outlined in this report, it is proposed to procure a call-off contract via the YPO framework, Framework Ref: 988 Removals, Recycling, Storage and Associated Services.
9. The YPO framework is for an initial period of two years (initial expiry date of 17 February 2022) with the option to extend this period by a further two years giving an expiry date of 17 February 2024. It should be noted that the YPO framework allows for the duration of 'call-off' contracts to run no longer than four years.

Summary of the business case/justification for the procurement

10. The Council has a number of statutory obligations in respect of the removal and storage of tenant goods, including the (Local Government (Miscellaneous Provision) Act 1982 s.41, Torts (Interference with Goods) Act 1977 and Mental Health Capacity Act 2005). Section 48 of the National Assistance Act 1948 places a duty on the Council to protect the moveable property of people admitted to hospital, or rest or nursing homes, and where it seems no other suitable arrangements can be made.
11. Other scenarios where the Council may require these services include:
 - Evictions;
 - Prolonged tenant hospitalisations;
 - Smart move removals (down-sizing)s;
 - Emergency situations that arise;
 - Decanting of blocks, when required;
 - Regeneration projects; and
 - Covid-19 removals.

12. The business need has been assessed in the context of the following changes in circumstances:
 - Reduced need for council office relocation services, and for removal services from temporary accommodation and housing solutions teams.
 - Greater need from resident services for removals and storage services for tenants; and
 - The need for continued services throughout Covid-19 in particular emergency services for the vulnerable such as victims of domestic violence in accordance with Part VII of the Housing Act 1996 and the Homeless Act 2002.

Market considerations

13. The Council has carried out market research for these services. Although the market for services is wide by capacity, the market for the services that the Council require in this contract is small. Market research has shown the services the Council requires are on three external frameworks identified.
14. This market research also showed that the current market for removals and storage service contracts in the UK are currently unstable due to the impact of the unprecedented Covid-19 pandemic showing that some providers have been adversely affected financially resulting in liquidation in some cases.
15. There are a number of framework providers to be considered for removals, storage and disposal services and these are Crescent Purchasing Consortium (CPC) framework Lot 3: London 2017/1809 currently has six providers listed, Eastern Shires Purchasing Organisation (ESPO) framework 655 currently has 3 providers listed and YPO framework 988 currently has 3 providers listed). Whilst CPC framework had comparable services to offer, a financial check was carried out on all six providers listed and their credit score was adversely affected by the Covid-19 pandemic and did not look like they were financially stable companies. As the ESPO and YPO frameworks have comparable services to offer and the framework providers are similar, the Council has decided to use the YPO framework as the current contract was procured previously through an YPO framework.
16. The recommended YPO framework was established in accordance with the Public Contracts Regulations 2015 (PCR 2015), therefore it has fully engaged nationally with the market providers and the framework is available for the Council to use.
17. The benefits to using the YPO framework include:

- a. There are a choice of three quality providers that provide a wide range of removals, recycling, storage and associated services both nationally and internationally;
- b. There are a choice to use the full removal services or use any of the associated services separately even if it is not part of a move;
- c. Consists of a single lot structure enabling the Council to easily procure for removals, recycling, storage and associated services;
- d. The providers' pricing schedule includes all-inclusive costs for:
 - i. the provision of appropriate vehicles including the driver and fuel required to undertake the service; and
 - ii. the provision of a project manager, supervisor and all other operatives and all equipment required to facilitate a move.
- e. All quotations for moves will confirm the number of operatives to be provided with the estimated length of time that move will take;
- f. The specification sets out in detail, under each type of services required, what the provider and its operatives will do;
- g. YPO can support the Council's further competition process if required;
- h. Reduced timescales – the Council does not need to run a full PCR 2015 procurement procuring via this framework;
- i. Assured provider standards – providers are 'pre-qualified' as to their general suitability;
- j. Aggregation of spend – the Council will receive the benefit of the aggregated spend volume and increased leverage in the market; and
- k. Pre-defined terms and conditions – when awarding the Council has the option to use YPO's standard framework agreement terms and conditions as established OR use the Council's own terms and conditions.

COVID-19 IMPACT

- 18. Covid-19 has had an impact on these services. In line with strict governance guidance, Harrow Green's service was reduced to 60% staff as their employees were furloughed due to the Covid-19 pandemic.
- 19. At this time, it is difficult to predict what impact this may have on the services and associated costs going forward.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

20. The Council has considered the following options before determining the procurement strategy set out in this report:
21. Do nothing – this is not possible as it is essential that the Council, as a landlord, meets its legal and statutory obligations.
22. In-house service – this option was explored and is not possible because at present, the Council does not have the resources to undertake this service, which would require substantial investment to establish a storage facility and in staffing and vehicles.
23. Competitive tender under PCR 2015 (as amended by Public Procurement (Amendment etc.) (EU Exit) Regulations 2020) – this option is not viable as undertaking a tender exercise with a lack of resources available would cost significantly more and take much longer to procure than using the YPO framework identified and is unlikely to achieve a better service outcome than calling off from the YPO framework.
24. Shared services – this option is not possible as although:
 - a. Lambeth Council is in the process of procuring a supplier framework; it was considered that the Council is unable to wait for this to be put in place.
 - b. Shared services with the NHS were also investigated but are not available.
25. External framework–the YPO framework identified meets the Council’s requirements and is recommended for use. Three suppliers are listed on this framework which will enable the Council to assess the best framework provider that meets the Council’s needs and requirements. The framework has two procurement routes available to use – direct award and further competition. The benefits to using this framework is detailed in paragraph 17 above.
26. Having considered the above options, it is recommended that the preferred option is to procure a contract through the YPO Framework, Framework Ref: 988 Removals, Recycling, Storage and Associated Services using the further competition route.
27. It should be noted that the successful framework provider will be required to carry out all services provided in line with strict government guidelines around social distancing measures and associated health and safety measures pre and post Covid-19. The contract management meetings will be conducted virtually.

Proposed procurement route

28. The proposed procurement route will be procurement through the YPO Framework, Framework Ref: 988 Removals, Recycling, and Storage & Associated Services via the further competition route with the three framework providers listed – Crown, Harrow Green and Johnsons. Strategy and business support contacted YPO and YPO have confirmed that all three framework providers are interested in bidding for this contract when the further competition is uploaded.
29. To help the Council test and demonstrate value for money, the steps to be taken under this further competition route with the three providers are: (1) compile a clear list of the Council’s requirements; (2) draft quality questions and key performance indicators (KPIs) the Council needs and agree an evaluation methodology ; (3) complete the YPO’s template further competition documentation and get the YPO terms and conditions reviewed against the Council’s standard obligations and policies; (4) set up project on the Council’s eProcurement system and upload the further competition document when complete; (5) email the three providers to ensure they are registered on London Tenders Portal to be able to take part in the further competition exercise; (6) conduct the further competition and manage clarification process; (7) download submissions and evaluate the bids ensuring that the suppliers are treated equally and fairly and in accordance with the further competition documents; (8) obtain the necessary approval to award a contract; (9) prepare and issue the successful provider with a letter of award; (10) publish a contract award notice; (11) inform YPO of the award via their further competition award document; and (12) formalise the contract and arrange for execution.

Identified risks for the procurement

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

R/N	Risk Identified	Risk Rating	Mitigation
R1	Lack of interest in mini-competition exercise	Low	<p>Discussions with YPO have indicated that the three framework providers are likely to submit a bid.</p> <p>All three providers will be contacted prior to tendering to check they are registered on London Tenders Portal and are intending to submit a bid.</p> <p>The Council’s eProcurement system will be monitored whilst the further competition is</p>

			conducted to ensure that the Council receives an appropriate number of responses to the tender.
R2	The successful framework provider contractors fail to deliver the services.	Low	The Council will test the quality of the three framework providers as part of the tender evaluation and will monitor the framework provider through key performance indicators. The Council will liaise with YPO about the successful framework provider's performance, when call-off contract awarded, to ensure that the successful framework provider meets its framework obligations and to assist the Council if any issues arise.
R3	The framework provider ceases trading or goes into administration/liquidation	Low	YPO tested the framework providers for financial viability when they were awarded onto the framework. However, appropriate financial checks will be undertaken prior to a contract award being placed under the framework. The Council will undertake regular checks on the successful framework provider's financial status and quality performance. Should an event occur, in the short-term, the Council would put an interim arrangement in place to ensure service continuity whilst a new procurement is carried out.
R4	Covid-19 pandemic	Medium	Review framework provider's financial standing pre and post tendering via credit checks. Monitor updates on government guidance. Review of working practices for social distancing measures.

R5	Brexit: leading to increased cost	Low	The services to be provided by the successful framework provider under the YPO Framework will be managed and hosted in the UK with no variance impact on the pricing model.
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31. A performance bond will not be required for this contract. A parent company guarantee will be required if the successful framework provider has a parent company/ultimate company.

Key /Non Key decisions

32. This report deals with a non key decision.

Policy implications

33. As a social housing landlord, the Council has a number of policies and statutory duties and obligations it needs to adhere to such as:
- a. The removal and storage of tenant goods, including the (Local Government (Miscellaneous Provision) Act 1982 s.41, Torts (Interference with Goods) Act 1977 and Mental Health Capacity Act 2005);
 - b. Section 48 of the National Assistance Act 1948 - to protect the moveable property of people admitted to hospital, or rest or nursing homes, and where it seems no other suitable arrangements can be made;
 - c. Protecting vulnerable residents vulnerable such as victims of domestic violence in accordance with Part VII of the Housing Act 1996 and the Homeless Act 2002;
 - d. The Council’s storage and removals policy and procedure which recognises that due process needs to be followed to store and protect goods left in empty properties while the owner is given notice that they must collect them which the successful framework provider will need to adhere to; and
 - e. To support the delivery of the Borough plan and fairer future commitments through this procurement exercise as set out in the Fairer Future Procurement Framework.
34. The successful framework provider will be required to have a robust ‘Vulnerable People - Policy and Code of Behaviour’ policy in place that provides staff with appropriate training to ensure all staff are fully equipped to work with vulnerable people and deal with sensitive situations.

Procurement project plan (Non Key decisions)

35.

Activity	Complete by:
DCRB Review Gateway 1:	07/04/2021
CCRB Review Gateway 1:	15/04/2021
Brief relevant cabinet member (over £100k)	19/04/2021
Notification of decision – 3 clear working days	26/04/2021
Approval of Gateway 1: Procurement strategy report	30/04/2021
Call-in period – 5 clear working days	10/05/2021
Completion of tender documentation	28/05/2021
Conduct further competition	01/06/2021
Deadline for further competition responses	06/07/2021
Completion of evaluation of tenders	23/07/2021
Forward Plan (if GW2 is key decision)	19/05/2021
DCRB Review Gateway 2: Contract award report	26/07/2021
CCRB Review Gateway 2: Contract award report	29/07/2021
Notification of decision – 5 clear working days	11/08/2021
Approval of Gateway 2: Contract Award Report	19/08/2021
End of scrutiny call-in period and notification of implementation of Gateway 2 decision	27/08/2021
Voluntary Standstill Period (if applicable)	06/09/2021
Contract award	07/09/2021
Add to Contract Register	08/09/2021
TUPE Consultation period (if applicable)	<dd/mm/yyyy>
Place award notice on Contracts Finder	30/09/2021
Contract start	01/10/2021
Initial Contract completion date	30/09/2023
Contract completion date – if extension(s) exercised	30/09/2025

TUPE/Pensions implications

36. Harrow Green Ltd are currently given a number of short term pieces of work on a call off basis, and as such TUPE is unlikely to apply Harrow Green Ltd have confirmed that they do not have an organised grouping of employees who as their principal purpose carry out activities on behalf of the Council. Under these circumstances the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) is unlikely to apply on the commencement of the call-off contract under the Framework. However, TUPE may apply on the expiry or termination of the contract. At that time a definitive view will be obtained from the contractors as to whether the contract may need to include relevant TUPE provisions.

Development of the tender documentation

37. YPO's suite of documents and terms and conditions will be used for this further competition exercise. In order to conduct the further competition with the framework providers, the following information will be focused on, but will not be limited to:

- The Council's list of requirements (specification);
- Key performance indicators (KPI);
- Amended terms and conditions;
- Implementation, exit and disaster recovery plans;
- Insurances;
- Policies and procedures i.e. equality, safeguarding and sustainability policies and quality, technical and regulatory standards;
- London Living Wage (LLW);
- Invoicing; and
- Staff vetting and accreditation.

Advertising the contract

38. There is no need to advertise separately as this was already done when the YPO framework was set up.

Evaluation

39. The YPO framework was evaluated against a 60:40 price/quality weighted model which is a deviation from the Council's usual 70:30 weighting. The framework allows the Council when carrying out a further competition to set its own weightings and evaluation criteria and allows a variance of +/- 20% weighting for both price and quality. The quality award criterion allows the Council to set any appropriate KPIs and/or service levels.
40. The Council proposes to evaluate tenders using a weighted model of 60:40 quality/price (which includes 5% for social value). The Fairer Future Procurement Framework (FFPF) will be included in the further competition documents to capture the requirements for social value and highlight the importance of quality of services delivered.

41. An evaluation methodology will be agreed with the procurement advice team and legal services. The focus will be on the framework provider's ability to demonstrate that they have the necessary resources and skills to deliver the service to the Council's requirements.
42. Two evaluation panels will be needed – one reviewing price (finance officer) and the other quality (strategy and business support officers).
43. The successful framework provider with the highest overall combined quality and price score will be awarded a contract and notified and any unsuccessful framework provider will receive feedback.

Community impact statement

44. With regard to the Council's duties under the Public Sector Equality Duty, Equality Act 2010 and the Public Services (Social Value) Act 2012, it is considered that an equality analysis will not be required; the successful framework provider will be expected to comply with the Council's policies and procedures.

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 details of how social value will be incorporated within the tender are set out in the following paragraphs.

Economic considerations

46. Based on current volumes, the estimated cost of the service will not exceed £750k per annum. The contract will run for two years with the option to extend for up to a further two years. Given the ongoing reduction in the storage inventory, a reduction in average service levels of 20-30 new cases a month, the integration of council service and contract management functions within resident services, it is expected that the actual cost of the service will not exceed £750k per annum.
47. Bidders will be evaluated at tender stage on how they intend to encourage employment opportunities (e.g. through apprenticeships). Local economic benefits are anticipated, with local employment and storage facilities provided through the tier-two supply chain.

Social considerations

48. FFPF will be embedded into the further competition documents and will be evaluated as part of the overall quality evaluation.

49. The Council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, contractors and subcontractors engaged by the Council to provide works or services within Southwark or Greater London pay their staff at a minimum rate equivalent to the LLW rate. For contracts performed outside London, all relevant staff should be paid at or above the real UK Living Wage. The successful framework provider will be expected to meet the LLW requirements and contract conditions requiring the payment of LLW which will form part of the further competition process and the outcome will be contained within in the Gateway 2 report.
50. In accordance with the YPO framework, the successful framework provider will meet the following BAR quality standards:
- a. BS EN 12522, Household Furniture Removals;
 - b. BS EN 14873 – Storage of Furniture and Personal Effects;
 - c. BAR Commercial Moving Group Member;
 - d. BS 8522 – Commercial Moving Standard;
 - e. BAR Overseas Remover Group Member;
 - f. BS 8564 Overseas Moving Services – Specialist Movers;
 - g. FAIM – Quality standard for international moving/relocation;
 - h. FAIM/ISO – ISO accreditation for international movers;
 - i. With additional BS15713:2009 and BS7858 specification.

Environmental/Sustainability considerations

51. The Council seeks to promote recycling and to reduce the disposal of goods into landfill. The Council has adopted targets to reduce energy and water consumption, waste and paper usage in its operations on its estate and to encourage more sustainable methods of operational transport (fleet, business travel and commuting). The successful framework provider will be expected to meet these requirements.
52. In accordance with the YPO framework, the successful framework provider will be accredited with the TfL Fleet Operator Recognition Scheme (FORS). FORS helps fleet operators to measure and monitor performance, encompassing safety, fuel efficiency, vehicle emissions and improved operations, in order to promote fleet management best practice and reduce social / environmental impacts.

Plans for the monitoring and management of the contract

53. 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.

54. The contract will be monitored and managed by strategic and business support in areas such as KPIs, management information, monthly contract review meetings, quarterly meetings, annual review, seeking feedback from service users and managers' using the information to improve services in partnership with the successful framework provider. YPO will review the successful framework operator's performance to ensure it is operating in line with its framework obligations and to assist the Council should any performance issues arise.
55. Performance monitoring mechanisms (including service desk and supplier reporting) will be used in respect of:
- Service delivery
 - Contract compliance
 - Invoicing
 - User satisfaction
 - Record-keeping and inventories
 - Complaint handling
 - KPIs
56. In order to measure and benchmark continuous improvement the Council and supplier will agree quality KPIs to include (but not limited to):
- 95% service requests acknowledged and carried out on time
 - 100% invoices supplied accurately and on time
 - 100% inventories and records maintained and provided on request
 - 100% management reports supplied on time
 - 95% complaints handled within 5 working days.
57. Officers will also produce performance reviews in line with the Council's Contract Standing Orders.

Staffing/procurement implications

58. There are no known immediate staffing/procurement implications.

Financial implications

59. The estimated contract value is up to £750k per annum. There is sufficient budget within the relevant departments, and costs are apportioned according to usage.
60. Individual budget holders will be responsible in ensuring they maintain sufficient budgets for their anticipated needs.

Legal implications

61. Please see concurrent from the Director of Law and Governance.

Consultation

62. The Council have consulted internally to users of the service pre and post Covid-19. As 98% of service users were satisfied with the services provided, no changes are need to the service specification.
63. These services will have limited engagement with residents; however the successful framework provider will be expected to collect user feedback.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

64. This report seeks the cabinet member for housing's approval for the procurement strategy to use the Yorkshire Purchasing Organisation (YPO) framework for the provision of a removals, storage and disposal services contract for a period of two years with an option to extend for up to a further two years at an estimated total cost of £3m. As the value of the intended contract is between £2-4m, the decision to approve this procurement strategy is reserved to the relevant cabinet member.
65. Paragraph 28, of this report confirms the mini competition exercise to be followed, expressions of interest having been obtained from the framework contractors to tender. A separate gateway 2 award report will be brought for approval at a later date upon completion of the tender evaluation.
66. Paragraph 35 confirms the timetable that will be followed for both this approval and the subsequent mini competition under this framework which is achievable provided the appropriate resources are available when necessary.
67. The report confirms that the evaluation of the tenders will comply with the YPO framework evaluation guidance which allows a variance of +/-10% weighting for both price and quality 60:40 or reverse including 5% for social value.
68. Paragraphs 53 to 57 confirm the monitoring and management arrangements including governance measures that will be in operation for the awarded contract ensuring compliance with both the framework obligations and the Councils specific contract performance requirements. The report also confirms that the YPO and council officers will closely scrutinize the impact of the Covid 19 pandemic in relation to the health and safety practices, mobilisation and financial health of companies bidding for this contract.

Director of Law and Governance

69. This report seeks the Cabinet Member for Council Housing's approval for the procurement strategy to use the YPO framework (Framework Ref: 988 Removals, Recycling, Storage and Associated Services) as further detailed in paragraph 1. As the estimated value of the intended contract is between £2-4m, the decision to approve this procurement strategy is reserved to the relevant cabinet member.
70. The nature and value of these services are such that they are subject to the full tendering requirements of the Public Contracts Regulations 2015 (PCR 2015) (as amended by Public Procurement (Amendment etc.) (EU Exit) Regulations 2020). However the YPO framework, through which this appointment is to be procured, was established following a compliant tendering process and the Council is a party able to use the framework. The YPO framework may therefore be used without a further tendering process being carried out.
71. As noted in paragraph 28 of this report, a further competition route is proposed to be carried out with the three framework providers and the results confirmed in a gateway 2 award report that will be brought for approval at a later date.
72. The Cabinet Member's attention is drawn to the Public Sector Equality duty (PSED General Duty) under the Equality Act 2010, which requires public bodies to have regard, when making decisions, to the need to eliminate discrimination, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. The Cabinet Member is specifically referred to the community impact statement at paragraph 44 setting out the consideration that has been given to equalities issues which should be considered when agreeing this procurement strategy and approving the recommendation in this report.

Strategic Director of Finance and Governance (H&M 21/005)

73. The report seeks approval of the procurement strategy to use the YPO framework for removals, storage and disposal storage at an estimated total cost of £3.0m over a maximum period of four years. The financial implications of this report set out how the costs would be met.
74. At this stage of the procurement, there are no direct financial implications arising from this report.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
None		

APPENDICES

No	Title
None	

AUDIT TRAIL

Lead Officer	Michael Scorer, Strategic Director of Housing and Modernisation	
Report Author	Jay Shaw, Strategy and Business Support Project Officer	
Version	Final	
Dated	5 May 2021	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		5 May 2021