

## Appendix 1 – Procurement Strategy – Renewal of Door Entry System Works

### 1. PROCUREMENT SCOPE – WHY THE PROCUREMENT IS NEEDED

1.1 Hardwired Entrotec and ISM systems are most prevalent in the Council's housing stock. The existing door entry systems at communal blocks of flats are aged and require updating to modern day standards. It seems sensible therefore to utilise the latest technology using a “*Cloud-based*” system which will allow any changes e.g. change of tenant, change of telephone numbers, etc., to be made easily.

### 2. MARKET ANALYSIS

2.1 The renewal of Door Entry Systems is a specialist technical area particularly when embracing the use of GSM technology. There are several companies in the market that can supply this equipment and it makes sense to utilise the latest technology rather than replicate what we have, albeit with new equipment.

2.2 There are a broad range of Door Entry Systems on the market. This means there is greater choice and flexibility in choosing the correct solution, which are discussed below:

2.2.1 **Audio only intercom system:** Where visitors press a button which calls the appropriate flat and the resident can speak to the caller through a telephone style handset. To give access, the resident presses a button which releases the lock on the communal entrance door. This is the most widely used security door system. The entry panel and all the handsets are wired back to a central location.

2.2.2 **Video door entry system:** This combines a security camera either within the intercom panel or mounted separately at the point of entry together with an intercom facility to provide the resident with live video images of the caller as well as allowing them to engage in a two-way conversation. As with the audio only system, to grant access, the resident presses a button which releases the lock on the communal entrance door.

2.2.3 **Smartphone managed door entry systems:** These systems allow the resident to answer a call at their door from anywhere and arrange deliveries etc. It has more than one phone capable of answering the video call and give access to the visitor into the building if the resident wishes. This option requires minimal wiring and the maintenance engineer does not need access into individual flats.

2.2.4 **Electronic card, badge or key fobs:** These are one of the most common forms of controlled door access systems. Key fobs are widely used throughout the Council's housing stock which allow residents to gain access themselves through the communal entrance door and this facility will be retained regardless of which option is chosen.

### **3. PROCUREMENT ROUTE OPTIONS AND CONSIDERATIONS**

#### **3.1 Procurement Routes**

**3.1.1** The main procurement route to market for this contract is to carry out a single-stage (open) tender procedure as set out in CSO 19.1.

##### **3.1.1 Open Procedure**

The Open Procedure is a one-stage procurement process and any company interested in the procurement opportunity may submit a tender in response to the advertised contract notice. There is no process of shortlisting under this procedure and it does not allow the Council to undertake any form of negotiation with the contractor. This procedure is beneficial where the market is not too large as it increases competition and as it is a one stage process it is quicker than the restricted procedure.

##### **3.1.2 Restricted Procedure**

The Restricted Procedure is a two-stage process that allows the Council to restrict the number of contractors invited to submit a tender based on their technical expertise, financial standing and experience. This has the advantage that the Council can decide the number of bids it needs to facilitate reasonable competition. The tenderers know they are competing with a relatively small number of competitors and therefore have an incentive to devote a reasonable level of resource to their bid and to be competitive. There is no provision under the Restricted Procedure to undertake any form of negotiation. However, it is possible to provide explanations and clarifications so that all potential bidders are clear about what they are applying for and how their bids should be structured.

##### **3.1.3 Existing Third-Party Frameworks**

The advantage of using a framework is that all contractors on the framework would have been appointed following a check on issues such as general technical capability, insurance, health and safety and financial standing. The frameworks have already been tendered in accordance with the EU rules, so all the Council would need to do is run a further competition among the contractors appointed to the framework.

#### **3.2 Procurement Routes Considerations**

**3.2.1** On balance it is felt that the Open Procedure will demonstrate the best value for money solution because it would be quicker than the restricted procedure and will attract bids from a wider range of specialist contractors as compared to existing frameworks.

#### **3.3 Procurement Options Analysis**

##### **3.3.1 Option-1: Do nothing**

**3.3.1.1** This is not an option because the existing system is old, parts are becoming obsolete, systems are unreliable and are costly to repair causing inconvenience to residents.

### **3.3.2 Option-2: Open market procurement exercise (preferred option)**

- 3.3.2.1** Door Entry Systems are a specialist technical area, therefore, the preferred option is to carry out an open market procurement exercise under the Open Procedure to attract specialist contractors to participate in the tender opportunity.
- 3.3.2.2** The proposed procurement exercise will be fully compliant with the Council's Standing Orders.
- 3.3.2.3** This option would it make it possible for the Council to recharge leaseholders if selected.

### **3.3.3 Option-3: Use existing third-party frameworks**

- 3.3.3.1** Existing third-party frameworks offer a quicker route to market, but frameworks can only be used if residents were involved at the inception of the framework. If an existing framework is used it leaves the Council open to challenge and does not allow residents the opportunity to nominate their own contractor. In addition, the existing frameworks are more akin to the sheltered housing market.

## **4 RISK ASSESSMENT AND PROPOSED MITIGATIONS**

### **4.1 Current Position**

- 4.1.1** The Borough's existing systems are generally aged over 30 years old and problematic due to a shortage and often obsolescence of spare parts and are costly to maintain.

### **4.2 Systems Options Appraisal and Risk Assessment**

- 4.2.1 Audio only Intercom System:** Whilst this system would provide a basic facility it is old technology and presents numerous day-to-day management problems. It also will not provide any of the extra benefits that are available to residents through the better use of technology. It is also vulnerable to cabling issues and tenant damage of handsets.
  - 4.2.2 Video Door Entry System:** This system would also provide an acceptable level of service of service to residents. However, the system requires hard wiring which is costly to install and does not offer the remote monitoring facility to residents. It is vulnerable to cabling issues and tenant damage of handsets.
  - 4.2.3 The Mobile Phone System:** This system using GSM technology via a smartphone or mobile phone (without the GSM facility) has a number of advantages over the other options in that is cheaper to install (the more flats in the building the more cost effective it becomes), makes optimum use of the latest technology and allows residents to answer calls remotely. All the information is stored on "The Cloud" and it is simple to make any amendments to take account of tenancy changes and new telephone numbers.
- 4.3** The existing systems must be replaced to overcome problems of maintenance and to offer residents improved security. The proposed new system is

expected to have a positive impact through the supply and installation of a GSM based system.

- 4.4 The selection process and delivery will be supported and monitored, in full, by the Property and Compliance Team.

## 5 FINANCIAL INFORMATION

- 5.1 The budget for these works is approximately £2.183 million. The cost breakdown over a 3-year period is shown in the table below:

Financial Year	Budgeted Cost
Year 1	£727,667.00
Year 2	£727,667.00
Year 3	£727,666.00
<b>Total</b>	<b>£2,183,000.00</b>

- 5.2 From the total budget above, £100,000 has been utilised by Crefield Close, which is undergoing major works and the figures shown above are net of that amount.

## 6 COMPETITION PROCESS

- 6.1 The Council's preferred option is to use the Open Procedure, which will attract bids from a wide range of specialist contractors and will demonstrate the best value for money solution for the Council.
- 6.2 The following indicative timetable has been set for running the procurement exercise. The dates are subject to change at any stage in the process.

Activity	Completed by
Invitation to Tender (ITT) and tender documents issued:	1 <sup>st</sup> July 2020
Site Visit dates on or around:	6 <sup>th</sup> to 10 <sup>th</sup> July 2020
Closing date and time for ITT Clarifications (“ITT Clarifications Deadline”):	21 <sup>st</sup> July 2020; 17.00 hours
Closing date and time for submission of Tenders (“Tender Submission Deadline”):	31 <sup>st</sup> July 2020; 17.00 hours
Evaluation of tenders (this includes Interviews / Q&A's to clarify tender submissions) on or around:	1 <sup>st</sup> to 21 <sup>st</sup> August 2020
Tender Evaluation Completion on or around:	22 <sup>nd</sup> to 25 <sup>th</sup> August 2020
Internal Approval to award Contract to successful tenderer on or around:	26 <sup>th</sup> to 27 <sup>th</sup> August 2020
Outcome Notification (i.e. Intention to Award) issued to successful and unsuccessful tenders on or around:	28 <sup>th</sup> August 2020
Confirm and finalise Contract on or around:	31 <sup>st</sup> August 2020
Estimated Go-Live Date for Contract (“Commencement Date”) on or around:	1 <sup>st</sup> September 2020

## **7 SELECTION AND AWARD CRITERIA**

### **7.1 Most Economically Advantageous Tender (MEAT) using Quality/Price Ratios**

**7.1.1** The contract will be awarded to the MEAT based on a combination of price and quality. This will be in accordance with the award criteria described in paragraph 7.2 and in line with the Council's evaluation procedures as set out in the CSOs.

### **7.2 Quality/Price Award Criteria**

**7.2.1** The award of the contract will be on the basis of the MEAT. The CSOs recommends a Quality/Price ratio of 60:40 as shown in the table below:

<b>Sr.</b>	<b>Criteria</b>	<b>Weighting</b>
1.	Quality	60%
2.	Price	40%

**7.2.2** In view of the fact the technical elements of the contract are highly specialist and a high element of compliance is required to be able to undertake the contract, the 60:40 split would enable the Council to better test value offered against the rigorous specification.

### **7.3 Quality Evaluation**

**7.3.1** The quality evaluation will be made up of the following criteria:

<b>Sr.</b>	<b>Criterion</b>	<b>Weighting</b>
1.	Project Delivery - Understanding of Technical aspects of the project	20%
2.	Management Structure and Technical Competence	20%
3.	Project Risks and Mitigation	15%
4.	Programme	15%
5.	Health and Safety	15%
6.	Communication and Stakeholders	15%

### **7.4 Commercial (Price) Evaluation**

**7.4.1** The Tender with the lowest submitted total price will receive the maximum score of 100% of the price element in the commercial evaluation. Thereafter, each other Tender will be compared against the lowest priced Tender in accordance with the following formula to arrive at a score up to two decimal points:

$$(A \div B) \times C = X$$

Where,

A = the lowest submitted price of all Tenders

B = the total price submitted by the Tenderer

C = the maximum percentage score i.e. 100%

X = the score for Price

- 7.4.2** Based on a notional figure of £60,000 for the lowest submitted Tender price and using the formula above, the Commercial Envelope score for price would be as set out in the table below and then weighted at 40% to arrive at the price score.

<b>Tenderer</b>	<b>Price</b>	<b>Score Awarded (X)</b>
1	£60,000 (A)	100.00%
2	£70,000 (B)	85.71%
3	£80,000 (B)	75.00%
4	£90,000 (B)	66.67%

## **7.5 Compilation of Scores for Quality and Price**

- 7.5.1** The scores awarded to each tender for the Quality and Commercial elements of the evaluation will be added together to establish the MEAT, which is the tender with the highest combined score for price and quality.

## **7.6 Social Value, Local Economic and Community Benefits**

- 7.6.1** The proposed contract is a one-off contract for works and is not proposed as a long-term partnership. The specification for the contract will be highly technical and because of the extremely technical nature of the works this tender will limit the opportunities for the Council to maximise social value. However, as part of the quality evaluation, tenderers will be asked to offer ways to mitigate the negative impact of the works on neighbours and the local community.

- 7.6.2** An open procurement procedure using the Council's procurement portal, *capitalEsourcing*, including publishing on Contracts Finder, will be followed and as such local firms may choose to bid for the opportunity.

## **8 CONTRACT PACKAGE, LENGTH AND SPECIFICATION**

- 8.1** The total contract value is estimated at £2.183 million. The proposal is to utilise the latest GSM and Mobile Phone technology to replace the existing system. The selection of GSM Technology will significantly increase the number of systems that can be provided within the budget. The Council's requirement will be packaged into a single contract and a contractor appointed to deliver the contract.

- 8.2** The Council can use a range of contracts such as JCT/TPC/NEC or any bespoke contract of the Council's choosing. Therefore, a suitable JCT standard form of contract will be used for the award.

- 8.3** It is proposed to award a single contract phased over three (3) years, starting in September 2020 and completing in August 2023.

- 8.4** The specification states the following main headings:

- Call Panel Specification

- Control Equipment
- Electronic Locks
- Egress
- Real Time Clock
- System Programming
- Access Control

## **9 STAKEHOLDER CONSULTATION**

- 9.1** This is a contract for works that will run for longer than 12 months but is not expected to trigger the £4.73m OJEU threshold for works.
- 9.2** Affected homeowners and Tenants and Residents' Associations (TRAs) will therefore have to be consulted under Schedule 2 of the Service Charges (Consultation Requirements) (England) Regulations 2003.
- 9.3** There are three stages of consultation to set up the new procurement vehicle that will be used to deliver works:
- 9.3.1** Stage 1 - Notice of Intention
    - 9.3.1.1** The notice will describe what the new agreement relates to, why the type of agreement is needed and why the works will be needed. It will also offer recipients an opportunity to nominate the name of an alternative contractor. This must be issued before we go out to tender.
    - 9.3.2** Stage 2 – Landlord's Proposal Notice
      - 9.3.2.1** Once the tenders come back and have been assessed, the Council must present the two lowest bids (or the lowest and a return by any nominated contractor) to its homeowners. This notice must include an estimate of the recipient's contribution or, if not possible, the rates that will apply. It must also include a summary of the questions and answers exchanged during the first phase of consultation.
      - 9.3.3** Stage 2A – Notice of Reasons (only required if necessary)
        - 9.3.3.1** If the Council is not accepting the lowest estimate or a contractor nominated by a leaseholder (e.g. by reason of another contractor scoring higher on quality and price), a Notice of Reasons must be issued within 21 days of entering into the new contract. This notice must explain the reasons that the Council is not accepting either of the two aforementioned and must include a summary of the questions and answers received during the Stage-2 consultation period.
        - 9.3.3.2** Once the contract has been awarded, the council will then be required to formally consult for any set of works where individual contributions in a block will exceed £250.
  - 9.4** Stage 3 - Section 20 Notice
    - 9.4.1** The Section 20 Notice is the first time a specific set of works is put to a homeowner and includes a description of works, the reason for the works, and an estimate of the recipient's contribution.
  - 9.5** The Stage 1, 2 and 3 consultation periods each run for a minimum of 30 days and the Council is obliged to have regard for homeowners' observations. The Notice of Reasons does not attract a consultation period although it must be issued within 21 days of contract award.

## **10 CONTRACT MANAGEMENT**

- 10.1** The Assistant Director Property and Compliance will oversee the overall client



governance of the appointed contractors and contracts.

- 10.2** The *Electrical Contracts and Compliance Manager* will manage the relationship with the appointed Contractor and Consultant(s) and will report to the Assistant Director of Property and Compliance.
- 10.3** One (or more) Consultant(s) will have the role of Contract Administrator for the works and will be responsible for issuing all instructions, variations, notices, etc., to the contractor.
- 10.4** The appointed Quantity Surveyor will provide cost control and valuation of works.
- 10.5** A suite of KPI's will be used to monitor, measure and report on the performance of both consultants and contractors. Example, KPI's will include:
- (a) Resident satisfaction of contractor performance
  - (b) Defects – condition of each property/block in respect of number of defects at the point of handover
  - (c) Safety (Main Contractor) – number of reportable accidents each month; average number of people on site
  - (d) Construction time taken within properties
  - (e) Percentage of properties completed to programme
  - (f) Time to produce pre-construction cost information
  - (g) Predictability of costs
  - (h) Environmental impact, waste control, noise, dust during construction
  - (i) Local labour and training
  - (j) Time to complete scope of works and outline specification (multi-disciplinary consultant)
  - (k) Time to complete final account (Quantity Surveyor)
  - (l) Time to produce health and safety files (multi-disciplinary consultant)
  - (m) Client satisfaction