

## LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Strategic Director of the Economy Department

**Date:** 31/10/2021

**Subject:** CONTRACT AWARD REPORT: Controlled Access Programme

**Report author:** William Shanks, Head of Contract Governance, The Economy

**Responsible Director:** Jon Pickstone, Strategic Director of Economy

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### Summary

A Cabinet Member Decision of 30th June 2020 approved a procurement strategy to procure a contract for the replacement of ageing door entry systems throughout the Council's housing stock.

It is proposed therefore to offer residents the opportunity to replace their existing systems on a programmed basis with modern day systems that allow residents to be called on their smartphones and incorporates the ability to view live video of visitors and engage in two-way conversations whether within the building or off-site using the mobile telephone network.

Approval is now sought to appoint a contractor to deliver the Door Entry Systems contract. The contract is for a period of 3 years.

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### Recommendations

That the Strategic Director of Economy:

1. Notes that Appendix A is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
  2. Approves the award of the Controlled Access Programme contract to AJS Limited for three years from 1<sup>st</sup> November 2021, for a total potential value of £2,000,000 over the three-year term subject to orders placed. This is a supply and install Contract.
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**Wards Affected:** All

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## **Financial Impact**

The HRA Asset Management Compliance Strategy and Capital Programme latest approved budget contains an allocation of £2,036,714 for the Controlled Access programme. There has been an agreed addition of £30,000 to this budget by way of virement from Walham Green Court major refurbishment scheme for delivering some access control work belonging to that address. Accordingly, the increased total budget of £2,066,714 will be presented for Cabinet approval in January 2022. The total potential value of £2,000,000 for the proposed contract can be funded from this allocation.

A credit report was produced for AJS Limited (Company registration number 02944618) via CreditSafe on 12 October 2021 which shows they have a low risk score of 74. The average of their most recent two financial years' turnover is £17.9m, which is well above the Council's minimum requirement of double the contract value.

The Leasehold Services team currently estimate the cost chargeable to Leaseholders for these works will be approximately £385,000 (not allowing for S125 limitations)

## **Legal Implications**

1. This report recommends that a contract is awarded to AJS Limited in relation to the Controlled Access Programme. The Contract will be subject to a Programme of Properties and the Council may vary the programme at any time under the Contract. The Contract is for a period of 3 years. The maximum potential contract value is £2,000,000.
2. The Council has the power to enter into the contract under s1 Localism Act 2011 (the general power of competence).
3. The contract is a contract for works/supplies. The value of the contract is below the threshold under the Public Contracts Regulations ('PCR') for works at which a fully compliant tender is required under Part 2. The Council was nonetheless required to treat economic operators equally and without discrimination, transparently and proportionately. The Council carried out a single stage open tender procurement. AJS Limited achieved the highest score. Once awarded, a contract award notice must be published in Find a Tender within 30 days of award and also Contracts Finder.
4. The contract is High Value under the Council's Contract Standing Orders ('CSOs'). The decision maker needs be satisfied that the recommended award of contract is to the tenderer submitting the most economically advantageous tender on the basis of the award criteria. The CSOs also require that, since it has a value of over £100,000, the contract is executed as a deed.

5. The Council's Legal Services will assist with preparing a formal contract. The tender was issued with a draft contract and will be entered into on those terms. The Council has the option of requesting a parent company guarantee or a bond from the supplier to protect its financial position.
6. In respect of leaseholders, s20 of the Landlord and Tenant Act 1985 requires that the rights of the leaseholders must be taken into account when considering the competition for the works. Failure to consult as required by the Service Charges (Consultation Requirements) (England) Regulations 2003 means that the Council's ability to recover costs from leaseholders is limited to £100/£250 depending upon the proposed arrangement for delivering the works.
7. As the value of the contract is above £300,000, the call-off contract award is a Key decision and must be submitted to Committee Services for publication on the Council's website. In addition, a copy of the completed (dated) call-off contract must be uploaded to the Council's Contracts Register along with a copy of the award report.
8. The appropriate decision maker is the Strategic Director of the Economy Department.

*Implications completed by: Angela Hogan, Chief Solicitor (Contracts and Procurement) 07919227585*

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#### **Background Papers Used in Preparing This Report**

Cabinet report: 'Procurement Strategy - Renewal of Door Entry Systems', 23<sup>rd</sup> September 2020 submitted by Richard Buckley - *PUBLISHED*

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#### **DETAILED ANALYSIS**

## Proposals and Analysis of Options

1. Following the Cabinet decision of 30<sup>th</sup> June 2020, a fully compliant procurement process was initiated to put into practice the Procurement Strategy as set out in that report.
2. In line with the Procurement Strategy approved by Cabinet, an Open Procedure was launched with a Contract Notice in the Official Journal. The Council's preferred online procurement portal CapitalEsourcing was used for the procurement.
3. Leaseholder consultation was carried out from 7th August 2020 to 11th September 2020, presenting the proposal for the creation of a new procurement vehicle to deliver door entry system upgrades across the Borough. We had due regard for all observations that came in.
4. A notice was submitted to Contracts Finder via the CapitalEsourcing portal in accordance with the Council's Contract Standing Orders on 13<sup>th</sup> July 2021.
5. The tender process then proceeded as a single stage process.
6. The shortlisted economic operators invited to tender were required to submit a formal bid featuring answers to Qualitative/Technical questions set by LBHF, and a set of prices that would constitute their Commercial Offer.
7. 8 bids were submitted. 2 bidders were eliminated on the basis of failing to meet the financial criteria required. 2 bidders were eliminated for failing to offer a minimum of 10% Social Value. The remaining 4 bids were evaluated on the basis of the published evaluation criteria which were a 60:40 quality to price weighting. Subsequently, the bidder who was initially adjudged to have the highest score was eliminated after it was identified that the contribution to Social Value of their bid was below the minimum required threshold.
8. A team of three evaluators was put together to mark the bids. The team was comprised of the Head of M&E, the Electrical Contracts and Compliance Manager, and the Electrical Project Manager with overall responsibility for security system repairs. The evaluators were trained by the Governance and Commissioning team to ensure compliance with the Council's standards.
9. The two Social Value quality questions were separately marked by the Social Value Team. Focusing on the quantitative and qualitative
21. Tenders comprised two sections. These were:
  - A) Qualitative / Technical Questions:

The weighting given to the qualitative section in the evaluation criteria was 60%. Bidders were required to submit a number of method statements which were then evaluated.

A moderation session was held on 20<sup>th</sup> September 2021 to agree on a single score for each method statement for each Bidder. The overall weighted quality score was then calculated.

B) Pricing / Commercial Offer:

The weighting given to the commercial section in the evaluation criteria, was 40%. The evaluated price was based on two elements: a schedule of buildings with a separate price per building and a schedule of rates for additional works which were given a multiplier dependent on the potential number of uses that it was considered that each SOR code may reasonably get during the lifecycle of the Programme. Scores were allocated on a comparative basis – with the contractor with the lowest price receiving the maximum score for that and all other contractors being scored relative to the lowest price for that element.

22. Following moderation, the weighted pricing and qualitative scores for each Bidder were combined. An overall score was achieved for each Final Tender response. The Final Tenders were then ranked – highest first.
23. See Appendix A, 1.1 for the combined final total scores.
24. The evaluation panel recommends that AJS Limited should be awarded the contract.

Next steps

25. All bidders will receive written confirmation of the Council's decisions to award the contracts. These letters are prepared in line with the Public Contracts Regulations 2015 and will provide reasons for the decision together with the characteristics and relative advantages of the successful Tenderer.
26. After the letters have been issued via the Capital E Sourcing portal, a standstill period of 10 calendar days must be observed by the Council in accordance with the Regulations. No activity to engage with successful bidders or to advance progress with the process may be carried out during this time.
27. After the conclusion of the standstill period, Privacy Impact Assessments will be carried out for the new contractors.
28. At the same time, the final stage of leaseholder consultation will take place, with leaseholders being advised of the award decision, and an opportunity to ask questions and provide feedback provided to them. The minimum time for this consultation is 35 working days and should run from late October 2021 to late November 2021.

29. Draft contracts were issued at the start of the procurement process in July 2020 and these will be engrossed prior to being executed as a deed. This process should take no more than two weeks as no red lines relating to the contract were received.
30. Mobilisation of the new contractor will commence after the statutory standstill period following contract award has finished – expected to be at the end of October 2021. There is no TUPE transfer and no IT integration so mobilisation should only require four weeks.

### **Reasons for Decision**

31. Many of the door entry systems throughout the Borough are aged and in many cases parts are obsolete. Very few have video which is considered essential for the safety of residents. The Controlled Access Programme will ensure that LBHF residents have modern, reliable systems that will enhance their lives with the additional functionality that GSM systems provide.
32. The recommendations outlined are based on a competitive tendering process. The Final Tenders received were evaluated by the Council's evaluation team against published evaluation criteria. The Contractor recommended for appointment was identified as the most economically advantageous tenderers having applied the evaluation criteria.
33. The successful Contractor has committed to deliver 24.34% Social Value (SV) contribution over the duration of the contract, which works out to £430,934.21. The highest social value commitments are creating local jobs and skills for residents: such employ 4 people full time, one trainee engineer, work with Homeless social enterprise to employ one local for the duration of the contract. The SV contribution is based on the actual contract award value of £1,770,398 and not on the potential contract value of £2,000,000 - the available budget for this scheme.

### **Equality comments**

34. There are no anticipated negative implications for groups with protected characteristics, under the Equality Act 2010, by the approval of the proposed contract set out in the recommendations.

### **Risk Management implications**

35. The report recommends awarding a contract following a competitive process, in line with the objective of being ruthlessly financially efficient, for the supply and installation of controlled access systems at up to 250 locations within the borough. Controlled access systems are a key element of the safety and security arrangements for elderly and vulnerable residents at their own homes. The proposed solution provides the latest technology, enabling residents to control access to their homes.

*Implications completed by: David Hughes, Director of Audit, Fraud, Risk and Insurance (07817 507 695)*

### **Climate Change comments**

36. The winning contractor has put forward ways to reduce their carbon footprint such as:
- Changing their fleet of vans to Hybrid vans over the next three years
  - Purchasing plant, products and materials that have low/no environmental impact
  - Implementing waste management strategy

*Implications completed by: Hinesh Mehta, Strategic Lead - Climate Emergency (07960 470125)*

### **Local Economy and Social Value**

37. AJS Ltd has committed to 24.34% social value commitments (par.34). Social Value Portal evaluated the social value responses, which were reviewed by commissioners and the qualitative submission was scored at 60/100. The score indicates that the supplier can deliver on commitments with confidence. Evaluations documents are uploaded on capitalesourcing for a consistent audit trail.
38. It is recommended the project lead will work closely with H&F Social Value Officer and the contractor to agree on a delivery plan, soon after the award. The winning bidder will be required to set targets on Social Value Portal for effective monitoring and responsible to pay the relevant fee as per the Instruction to Tender document published at the tender stage. It is advisable the Commissioner will work closely with legal to ensure appropriate social value clauses are included in the contract, so that the Council can enforce its right to compensation if social value commitments are not delivered.

*Implications completed by: Ilaria Agueci, Social Value Officer (0777 667 2878)*

### **Consultation**

39. In accordance with Section 20 of the Landlord and Tenant Act 1985 (as amended by Section 151 of the Commonhold and Leasehold Reform Act 2002) and the Service Charges (Consultation Requirements) (England) Regulations 2003, a Notice of Intention was served on 7<sup>th</sup> August 2020 and expired on 11<sup>th</sup> September 2020.
40. A second Notice (of Proposal) will need to be issued as the procurement process concludes, after the Contract Award report has been authorised by Cabinet Member and after the ALCATEL period. The regulations allow for leaseholders to comment on the suppliers being recommended for appointment. The Council, as Landlord, is required to 'have regard' to any comments but is not required to act on any suggestions from leaseholders. At the end of the 30-day period point the Council will be compliantly able to enter

into contracts with suppliers and to then recharge leaseholders where contributions exceed £250 per property.

**List of Appendices:**

(Exempt) Appendix A – evaluation score