

# LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Sukvinder Kalsi, Strategic of Finance in consultation with the Cabinet Member for Housing and Homelessness, Councillor Frances Umeh

**Date:** 03/06/2024

**Subject:** Procurement strategy for a works contract to carry out Special Educational Needs adaptations to a housing property

**Report author:** Vince Conway, Senior Programme Manager

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## SUMMARY

Approval of this procurement strategy is required to source a contractor to undertake adaptations to a Council property. This paper outlines the proposal, associated funding and potential decant required. The proposal has been developed via collaboration between housing and children's services colleagues.

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## RECOMMENDATIONS

That the Strategic Director of Finance in consultation with the Cabinet Member for Housing and Homelessness approves:

1. Notes that Appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
  2. The procurement strategy to source a suitable contractor to carry out the refurbishment of a single-dwelling house. The procurement route will be through South East Consortium's suite of public sector frameworks to source a works contractor via direct award or a mini-competition process to undertake the major adaptations to the property.
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**Wards Affected:** Wormholt

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<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Building shared prosperity	Working with the families we support and finding creative solutions to achieve the best outcomes.
Creating a compassionate council	Creating a safe and suitable family home and enabling families to stay together.
Doing things with local residents, not to	Listening to the needs of our residents

them	and working with them to ensure these are met and the family does not have to relocate or be separated.
Being ruthlessly financially efficient	Investing to achieve the best outcomes for our young people in a cost-effective manner.
Taking pride in H&F	Investing in our Council stock and meeting the needs of our residents.
Rising to the challenge of the climate and ecological emergency	Keeping our young people in their local community.

## Financial Impact

The comments are included in the exempt appendix.

*Completed by: Danny Rochford, Head of Finance (HRA & Economy), 13/3/24*

## Legal Implications

The Council has the power to undertake these works in accordance with its duties under the Children and Families Act 2014.

The estimated value of the works is below the threshold for the Public Contracts Regulations 2015 to apply. There are therefore no statutory requirements relating to the procurement.

This is a high value contract for the purposes of the Council's Contract Standing Orders. The use of a suitable third-party framework is a compliant means of procuring a contract of this value. The South East Consortium framework Internal and External Building Works Lot 1 is a suitable framework for these works. It allows for procurement by way of mini-competition or by way of a direct award, subject to compliance with the terms of the framework.

*John Sharland, Senior solicitor (Contracts and procurement)  
26 April 2024*

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## DETAILED ANALYSIS

### **Background**

1. We have a statutory duty to undertake these adaptations to meet care and support needs within the community.

### **Reasons for Decision**

2. This procurement strategy is submitted for approval by the Strategic Director for the Economy, in consultation with the Cabinet Member for Housing and Homelessness in accordance with paragraph 18 of Contract Standing Orders ('CSOs').
3. The property requires urgent repairs to make it safe prior to the more extensive renovation works for specialist adaptation and an extension (which have a minimum lead in time of approximately four to six months).
4. The property will not be habitable whilst works are completed therefore costs are included to for suitable alternative accommodation and minor works to make the interim property suitable and safe.

### ***Contract Specifications Summary***

5. Children's Services along with the Grant and Adaptations Team commissioned a specialist architect to draw up plans for adapting the current property. The architect's plans will form the basis of the specification for the works.

### ***Procurement Route Analysis of Options***

6. **Option 1: Procure the works via invitation to submit quotations – recommended.**

The value of the works makes this a medium-value contract and therefore the CSOs dictate that suppliers be invited to submit quotations through the e-tendering system.

The SEC's Internal and External Building Works framework is considered appropriate for this project, either, if tendered separately, using Lot 1 which has a works value threshold up to £749,999; or, if included in a larger package of void works, using Lot 2 which has a works threshold up to £2m.

7. **Option 2: Do not procure the works – not recommended.**

Not procuring the works will mean that the Council will not be meeting statutory obligations.

### ***Procurement***

8. This strategy proposes the use of the South East Consortium's suite of public sector frameworks to source a works contractor via either a direct award or mini-competition process. The SEC's Internal and External Building Works framework is considered appropriate for this project, with Lot 1 having a works value threshold up to £749,999. There are 12 pre-qualified suppliers on this Lot. For operational efficiency it may be decided to include in a wider package of voids works, in which case Lot 2 would be appropriate, having a works value threshold up to £2m and 14 available suppliers.

## **Market Analysis, Local Economy and Social Value**

9. The works tendered will be above the £100,000 threshold and therefore social value will be applicable for this contract.

Oliur Rahman, Head of Employment and Skills, 14 March 2024

## **Risk Assessment and Proposed Mitigations**

10. There are no identified risks with this engagement. Due process has been followed and the action will provide significant benefits to the individual concerned and reinforces the core value of Creating a compassionate council.

Jules Binney, Risk and Assurance Manager, 14/03/2024

## **Timetable**

11. The table below outlines an estimated timetable of the competition process through to contact commencing based on a mini-competition process. A direct award would likely reduce the timeline by 4-8 weeks.

Contracts Assurance Board (Strategy)	14/03/24
SLT/Cabinet Member/Cabinet Sign off (Strategy)	31/05/24
Tender Out	24/06/24
Tender Return	22/07/24
Key Decision Entry (Award)	22/07/24
Evaluation complete	12/08/24
CAB (Award)	04/09/24
SLT/Cabinet Member (Award)	12/09/24
Find a Tender Service Contract Award Notice	13/09/24
Contract engrossment	04/10/24
Contract mobilisation and implementation	04/10/24
Contract Commencement date	25/10/24

## **Selection and Award Criteria**

### **Direct Award procedure**

The SEC's framework rules allow a direct award to the Ranked 1 supplier on each Lot. The procedure requires the Council to provide its project requirements including a detailed schedule of works and pricing document. The contractor will then produce a proposal for the Council to consider and agree terms if acceptable. The contractor would have to demonstrate full compliance with the Council's requirements in the same way as if the project was tendered. This includes minimum requirements on financial standing, insurance, ethical standards; evidence of technical proficiency; commitments to customer care and social value; confirmation of a deliverable programme; and value for money.

### **Mini-competition**

Should a mini-competition be used, the proposed contract will be awarded to the most economically advantageous Tender based on a combination of price and quality. Tenderers for each contract will be evaluated based on their Quality submission (Method statement) and Price (Commercial) submission, the ratio used will be 60% Quality and 40% Price. SEC has confirmed that the proposed quality/price ratio is within the parameters of their procurement framework and that the council can decide on the sub-criteria to be adopted, including Social Value.

Under the mini-competition process, there will be two stages to the evaluation of the quality criteria.

Stage 1 – Compliance: As part of the mini-competition process under a third-party framework, each Tender must achieve a minimum level of acceptability as defined by the compliance standards set out in the table 1 below.

**Table 1: Compliance**

<b>Compliance Standard</b>	<b>Rationale</b>
Compliant and bona fide Tender	Each Tender shall be checked to ensure that there is no material breach of ITT conditions; that the Tender is complete; that there is no collusion or corruption or anti-competitive behaviour; and that all required information is provided.
Legal Acceptability	Each Tender shall be checked to ensure that there is no legal impediment to the Authority entering a contract with the successful Tenderer in the Authority's form e.g. conflict of interest.
Complete Tender	Each Tender shall be assessed as to whether the Tenderer has confirmed that it is able to provide the services as set out in the specification

The Authority reserves the right to reject without further discussion any Tender which does not meet the compliance standards.

Stage 2 – Quality award Criteria (Technical Envelope): Quality will be assessed based on a Tenderer's written submissions in the Technical Envelope to the award criteria as set out below in Table 2.

<b>Table 2: Award Criteria</b>		
<b>Section</b>	<b>Criteria</b>	<b>Weighting</b>
1	Management Structure and Resources	5%
2	Planning, Programming and Resourcing of Works	20%
3	Quality Control	20%
4	Customer Care	15%
5	Sustainability	10%
6	Health and Safety	10%
7	Social Value	20%

After completing their individual scoring exercise, members of the evaluation team – consisting of council officers and the appointed consultants - will meet and consider each Tender to reach a consensus on scoring for each Tenderer's responses to the award criteria.

Each score for a response to an award criterion will be multiplied by the relevant sub-weighting to arrive at a weighted score. Weighted scores will be added together to produce a total score out of 100. The overall quality weighting of 60% will then be applied.

Stage 3 – Price (Commercial Envelope). Tenderers will complete a detailed price matrix based on the specification. The tender with the lowest total sum will automatically score 100% of the price element in the Commercial Envelope. Thereafter each other Tender is compared against the lowest priced Tender in accordance with the following formula to arrive at a final score point:

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

Where:

A = the lowest submitted price of all Tenders

B = the total price submitted by Tenderer

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

X = the score for Price

Finally, the total weighted quality and price scores will be combined with the highest scoring tender being recommended for award

### ***Contract Management***

The Assistant Director for Residents and Building Safety is the strategic lead for the housing capital programme. The Head of Capital Delivery will lead the operational team overseeing the appointed consultants and contractors.

The Head of Capital Delivery will manage the relationship with the multi-disciplinary consultants appointed for each project. The consultant will have the role of contract administrator for the works contract and will be responsible for issuing all instructions, variations, notices etc. to contractors. They will also provide Quantity Surveyor services including budget estimate, detailed cost plans, cashflow forecasts, valuation of works, issue of interim contractor payments, and preparation of the final account.

The Council directly employs Project Managers to oversee the consultants and project-specific clerk of works to monitor progress and quality of works on site.

Regular project monitoring meetings will be diarised to report on progress to senior management.

The quality criteria include an assessment of the contractor's management structure and resources, and they will be required to demonstrate they have an appropriate level of contract and site management.

A suite of KPIs will be developed to monitor, measure and report on the performance of the contract and are expected to include:

- Resident satisfaction of contractor performance
- Defects – condition of each property/block in respect of number of defects at the point of handover
- Safety – number of reportable accidents each month;
- Construction time taken within properties
- Percentage of properties completed to programme
- Time to produce pre-construction cost information
- Predictability of cost
- Environmental impact, control of waste, noise, dust during construction process
- Delivery on Social Value

### ***Equality Implications***

12. This is a positive action to ensure a disabled child can remain within their home with their family.

### **LIST OF APPENDICES**

Exempt Appendix 1 - Proposals and Analysis of Options