

APPENDIX 7

PROCUREMENT STRATEGY REPORT

1. BUSINESS CASE – WHY THE PROCUREMENT IS NEEDED

- 1.1. The garage stock needs refurbishment to achieve its income potential. There are currently 333 unoccupied garages, of which, 264 have been void between 2 - 5+ years mainly due to dilapidation. The intention is to improve garages through refurbishment to increase desirability and generate more income through additional lettings.
- 1.2. Customer demand for garages is steady but we are unable to meet it because garages are in a poor condition. A large proportion of customers, although initially interested, don't proceed with leasing a garage because they're dissatisfied with its condition or the condition of the garage site in general.

2. FINANCIAL INFORMATION

- 2.1. Funding to refurbish garages is contained within the Housing & Regeneration Capital Programme. Budgets for FY17/18 and FY18/19 were approved in the The below table provides details of the budget allocation for FY16/17 and the following four financial years.
- 2.2. The contract for the FY16/17 budget was advertised for tender and a contractor was appointed after the Cabinet Member for Housing approved the Most Economically Advantageous Tender (MEAT). The value of the contract was £71,000.
- 2.3. The proposal is to tender the refurbishment works in each Financial Year to the value of the budget and, as with FY16/17, seek approval to accept the MEAT through a Cabinet Member Decision.
- 2.4. The contract performance for the refurbishment programme in FY16/17 and FY17/18 will be monitored, as will lettings performance on refurbished sites prior to committing to further tendering for refurbishment works in the following years.

Budget Table

Financial Year	FY16/17	FY17/18	FY18/19	FY19/20	FY20/21
Budget Amount	£100,000	£500,000	£300,000	£200,000	£100,000
Approved / Indicative	Approved December 2016	Approved March 2017	Approved March 2017	Indicative	Indicative

3. OPTIONS APPRAISAL

- 3.1. The options appraisal are detailed as follows:

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1	Manage the portfolio with incremental improvement using revenue resources only.	<p>a. This option would sustain the current loss of income and more expenditure through continued degradation and increase demand for reactive repairs.</p> <p>b. The Council has also made a prior commitment to refurbish garages after charges were increased 2013.</p>
2	Award the works to MITIE.	<p>a. Officers considered awarding the works to MITIE however their costs were not competitive.</p>
3	Request for quotes - RFQ).	<p>a. Officers considered selecting a contractor based on quotes alone without having to go through a tendering exercise, but this option carried a risk, in that the Council's tendering portal would not give officers the functionality to check the organisation's status or its staff when using a request for quote.</p> <p>b. Requesting quotes via the portal does not allow officers to ask for anything other than price.</p>
4	Go out to tender using the Capital eSourcing Portal.	<p>a. This option provides the Council the opportunity to publish a tender opportunity in the portal for wider coverage.</p> <p>b. With this option, the Council could give tendering opportunity to organisations both within and outside the borough and evaluate contractor's finances and performance by asking questions that are relevant to the service through a list of method statements.</p>

3.2. The preferred option chosen would be to undertake a competitive tender process on the Capital eSourcing Portal.

4. THE MARKET

4.1. Learnings from benchmarking with other Councils have helped shape the refurbishment specification. Councils who have upgraded their garage doors have leased more garages and have experienced less antisocial behaviour on their estates.

4.2. The refurbishment specification is mostly centred around renewing garage doors; however, some garage sites require roofing, lighting, partitioning, and general decorating work. The market for this type of building work is well-developed which should ensure LBHF receive maximum value for money through complete tendering.

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5. CONTRACT PACKAGE, LENGTH AND SPECIFICATION.

- 5.1. **Contract Package:** The contract will be based on the terms and conditions of the JCT Standard Building Contract. All relevant performance & delivery measurements will be included in the contract. The contract will be reviewed and amended, if necessary, by legal prior to publication of opportunity.
- 5.2. **Length of contract:** The contract length is dependent on the number garages to be refurbished in each FY. The expectation is works on all garages prioritised for refurbishment will be tendered and completed within the corresponding Financial Year.
- 5.3. **Specification:** The works specification for FY17/18 has been finalised and is attached in Appendix 7. The garage priority list and the corresponding works specification for FY18/19 will be determined nearer to the time.

6. SOCIAL VALUE, LOCAL ECONOMIC AND COMMUNITY BENEFITS

- 6.1. In every tranche of procurement, potential contractors will be asked questions and scored on areas relating to social value. The responses from contractors in respect of social value should provide an estimated percentage against the total value of the contract.
- 6.2. Each tender will request certain social value information and commitments from those bidding. The Contractor's Proposals will seek the response to at least two questions:
1. Do you have a social responsibility policy for your company and how will this be implemented within Hammersmith and Fulham?
 2. What is your intended support in percentage terms of the overall value of the tendered sum to the local economy in terms of either direct spending or through supporting local businesses through the supply chain? You may consider such matters as catering services for staff when delivering the programme of works, the disposal of waste by local businesses, the use of local suppliers (including, where it is otherwise unavoidable, the use local outlets of major chains). These are just examples and you may be able to suggest other solutions. The Council is looking at the cost of the economic benefits in terms of the added value the proposed added benefits in support to the local economy. Please express the value as a percentage and explain how the Council will be able monitor your commitment.

7. STAKEHOLDER CONSULTATION

- 7.1. There is no requirement for a leaseholder consultation, because the refurbishment works are not rechargeable. However, we will be engaging with residents by attending TA meetings and will be writing to all occupiers to

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update them on the scope and timescales for the works and to make arrangement for access.

8. PROCUREMENT PROCEDURE

- 8.1. The procurement process will be carried out using the Open Procedure via the Capital eSourcing Portal, as the tender values are below the OJEU procurement threshold for works, it will not be a regulated procurement, however, the Council will ensure the process is fully compliant with the principles of openness and transparency.
- 8.2. The Open Procedure involves a one stage process with no pre-selection stage. Any organisation can apply through the Council's e-tendering system for a full tender pack and they will have an opportunity to submit a tender. The evaluation will be carried out for all tender submitted.
- 8.3. Under the Open procedure, there is the opportunity to check tenderers eligibility, however, all evaluation (eligibility & tender), will be done in a one stage process and at the same time. The benefit of an open procedure, is that it reduces the procurement timeline.
- 8.4. Tenders will be formally evaluated by a Tender Appraisal Panel (TAP). Individual panel members will score the tenders independently. After the scoring has been completed, a moderation meeting will be arranged for the TAP to agree the final moderated scores. The successful bid will be based on the tenderer scoring the highest for both quality and price.

9. CONTRACT AWARD CRITERIA

- 9.1. Tenderer bids will be evaluated based on their quality submission (method statement) and price (commercial) submission. The award criteria will be 40% quality and 60% Price. Tenderers will be scored based on their responses to the following:
- Performance & Quality Control
 - Resourcing
 - Health & Safety
 - Customer care
 - Environmental
 - Social Value
- 9.2. The works aren't considered specialist in nature so more weight is given to price over quality. All contractors expressing interest would have to pass the eligibility and financial checks during the exercise. The table below outlines the quality criteria and weighting that will be used to score the quality section of the tender:

Quality criteria	Weighting
Price	60%
Performance & Quality control	7.5%

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Resourcing	5%
Health & Safety	5%
Customer care	10%
Environmental	7.5%
Social value	5%
Total	100%

10. PROJECT MANAGEMENT AND GOVERNANCE

- 10.1. A project board comprised of managers within the Regeneration, Planning and Housing Services Department will be set up to oversee the procurement process for every procurement tranche. The proposal is for the project board to meet monthly to discuss any issues, identify risks and recommend and approve options as and when needed.
- 10.2. A tender appraisal panel, comprising procurement, service owners, property services and finance will be set up to undertake the evaluation of tenderers submission. Any risk identified by procurement will be escalated to the project board for decision.

11. CONTRACT MANAGEMENT

- 11.1. The service owner (Property Services) will be responsible for the day to day management of the contract.