

REPORT TO:	Cabinet 21 September 2015
AGENDA ITEM:	13.2
SUBJECT:	Planned Maintenance and Improvement General Building Works recommendation of award
LEAD OFFICER:	Jo Negrini, Executive Director - Place
CABINET MEMBER:	Councillor Alison Butler Deputy Leader and Cabinet Member for Homes, Regeneration & Planning Councillor Simon Hall Cabinet Member for Finance and Treasury
WARDS:	ALL

CORPORATE PRIORITY/POLICY CONTEXT

These works meet the Council's Corporate priorities to:

- Provide Value for Money to its residents through the delivery of the Planned Maintenance and Improvements Programme to the Council's housing stock
- Improve our Assets through investment in our housing stock
- Improving health and well-being through decent homes and neighbourhoods
- Contribute to the local economy and environment
- Improve Corporate Social Responsibility opportunities
- Include the Council's commitment to the London Living Wage

The decision also supports Croydon's vision to be an enterprising; caring; sustainable and learning city.

AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS:

Through the award of a long-term partnering relationship the Council will be able to continue to deliver General Building Works of maintenance and improvement to its housing stock. In this way the Council, as a responsible landlord, will continue to meet the decent homes standard through its programme of kitchen and bathroom modernisation together with other investment including improving the energy efficiency and security of its homes and maintaining and/or improving the fabric of the housing stock. Other areas of the Council will also be able to use the services being procured.

The Council together with the recommended service provider will jointly deliver a contract providing a range of benefits including demonstrable value for money; a commitment to the London Living Wage and an ambitious social value offer aiming to benefit both local businesses and local people including apprenticeships and training for local people.

Finally, ICT enhancements including digital enablement; a comprehensive key performance indicator (KPI) regime, robust governance and contract management lie

at the heart of delivery to ensure that there are long term benefits for Croydon.

FINANCIAL IMPACT:

The outcome of the procurement carried out identifies that efficiencies will be delivered in the range of £2m to £2.5m as indicated in the original strategy report.

Further information is contained within Part B.

KEY DECISION REFERENCE NO: 14/15/CAB

This is a key decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Strategic Overview Committee by the requisite number of Councillors.

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

- 1.1 The Cabinet is recommended to:
- 1.2 Agree that Bidder A (as detailed in the associated Part B report on the Agenda) be appointed to preferred bidder status to deliver General Building Works under a term partnering contract to Council homes (including additional housing managed or owned by the Council, and various school/social care buildings as appropriate) for an initial period of 5 years with options to extend further up to a maximum period of 14 years and upon the terms detailed within this and the associated Part B report;
- 1.3 Subject to completion of Section 20 Stage 2 Leaseholder consultation, agree the subsequent award of the contract for the provision of General Building Works, and its completion, to Bidder A subject to the Executive Director of Place in consultation with the Council Solicitor having been satisfied that agreement of any outstanding non material matters has been achieved;
and
- 1.4 Note that if the outcome of the Section 20 consultation makes it necessary, or if the Final Tender and agreement of any outstanding non material matters cannot be achieved with the Preferred Bidder, that the matter be brought back to Cabinet for further consideration, but that otherwise that the name of the successful bidder and price will be published further to 1.3 above.

2. EXECUTIVE SUMMARY

- 2.1 At its meeting on 29 September 2014 Cabinet approved the procurement strategy for delivery of the Council's Planned Maintenance and Improvements Service (PMI) including General Building Works (the works) by way of a single contract (the works contract) for an initial period of five years with options to extend up to a maximum period of 14 years at a maximum annual contract cost

of £15 million as per the Organisation of the Journal of the European Union (OJEU) notice. The works will be delivered in the Council's 16,000 homes including 2100 leasehold properties, and various schools and social care buildings. These works include kitchens, bathrooms, building extensions, major conversions, aids and adaptations, roofing, underpinning, external works, security doors.

- 2.2 This report details the procurement process and recommends the award of preferred bidder status to Bidder A who has submitted the most economically advantageous tender award for the provision of the works. Further details are provided within the associated Part B report on this agenda.
- 2.3 Section 3 of this report sets out the background to the project, the procurement approach and the evaluation process for the selection of the preferred bidder.
- 2.4 The proposed contract has been commissioned and procured to support Croydon as a responsible landlord. The proposed contract additionally provides for:
 - robust governance and contract management including a comprehensive suite of key performance indicators (KPIs)
 - a commitment to the London Living Wage
 - maximisation of social value outcomes
 - maintaining or improving customer satisfaction throughout consultation and delivery of works
- 2.5 Both the contract form and the commercial arrangements allow the Council significant flexibility in amending the value of works and services instructed on an annual basis should that be necessary. This is particularly relevant in light of the Housing Revenue Account (HRA) Cabinet Report on this agenda.
- 2.6 The contract commencement date will be 1st April 2016 for an initial period of 5 years with options to extend further up to a maximum period of 14 years.
- 2.7 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number
2 September 2015	CCB1040/15-16

3. DETAIL

- 3.1 During September 2013, the Council undertook a review of all planned maintenance and improvements across the Council (not just for housing dwellings), as an opportunity to assess the ability to achieve continued improvements in service delivery and commercial arrangements, while also securing significant efficiency savings. The strategic sourcing plan that resulted from this review identified opportunities for collaborative procurement to obtain economies of scale and streamline contract administration. This gave rise to an enhanced scope of the contract to be delivered as proposed in the

procurement strategy and recommendation 1.1 above whereby other parts of the Council can also take advantage of the proposed contract to be awarded.

3.2 The procurement process described below embedded a number of initiatives aimed at ensuring that the contract that will ultimately be awarded best meets Croydon's existing and emerging requirements. This includes:

- One lead provider able through support of a supply chain to deliver the entire general building works requirements, replacing circa 30 previous contracts – allowing for efficiencies and economies of scale
- Implementation of a 'Strategic Partnership Alliance' between existing housing-related service providers and others to be procured as part of the PMI service. This collaboration will deliver benefits including further enhanced social value outcomes delivered across all providers as well as other innovative outcomes for example whole life costing reviews and a joint approach to environmental investment
- Building on the existing APEX asset management IT system within the Council, deliver digital enabling through the incorporation of new functionality including web-based access for service delivery partners and mobile working solutions
- A long-term partnering contract (TPC2005) that through its structure provides:
 - Significant flexibility to respond to either budget increases or decreases year on year, or the provision to not allocate any work at all
 - A contract form that includes the requirement for a London Living Wage
 - A set of requirements that will not only drive continuous improvement but also focus on robust and comprehensive governance requirements underpinned by a challenging and comprehensive suite of KPIs. Use of KPIs as a contract management tool has been enhanced by including the loss of profit should performance drop below a minimum defined level. Specifically loss of profit applies to all social value indicators and those which relate to work being completed to time and cost
- Social value and community benefit requirements that fully align with Croydon's social value toolkit and can demonstrate local benefit for the supply chain and employment and training

3.3 Specific details on how these objectives have been met by the preferred bidder are contained in Part B.

3.4 An OJEU contract notice was issued on 3rd October 2014 and 12 responses to the Pre-qualification questionnaire (PQQ) were received. The PQQ stage ensures that only bidders who have the financial strength, capacity and similar experience are put forward to the next stage.

3.5 The project has been managed through a corporately mandated Planned Maintenance and Improvement Project Board (PMI Project Board) comprising senior officers responsible for relevant aspects and interdependencies of the project namely:

- Director of District Centres Regeneration
- Head of Planned Maintenance
- Head of Strategy, Communities and Commissioning (Adults, Health and Housing)
- Head of Responsive Repairs
- Head of Housing strategy and commissioning
- HR business partner
- Commissioning/Project Manager, Housing strategy and commissioning
- ICT Project Manager

3.6 The PMI Project Board considered the Pre-Qualification Questionnaire outcome report reflecting the overall result of the PQQ evaluations and agreed to proceed to the Invitation to Submit a Solution (ISS)/Invitation to Submit a Final Tender (ISFT) stage with the **top five** highest scoring candidates namely:

- Geoffrey Osborne Ltd
- Kier Services Ltd
- Mears Ltd
- Mitie Property Services Ltd
- Mulalley and Company Ltd

Appendix 1 provides an overview of the procurement process undertaken.

3.7 Comprehensive procurement documents were drawn up and all bidders were asked to respond to the Term Brief and commercial requirements including providing the cost of their proposal.

3.8 The evaluation was conducted against the criteria set out in the ISS/ISFT documentation as shown below. Further details are provided in **Appendix 2** which provides an overview of the detailed elements evaluated.

Evaluation Criteria	Weighting (Quality 60%/Price 40%)
Partnership Working	12%
Operational Delivery	18%
Customer	18%
Social Value	12%
Price	40%

3.9 The ISS and ISFT responses were assessed by an evaluation panel comprising officers and residents and moderated using the pre-determined evaluation criteria. The Council's consensus formal feedback was provided to all bidders.

3.10 Eight weeks of competitive dialogue were undertaken with all the bidders to explore possible solutions and to ensure that the Council's requirements were clearly understood. A report was provided to the PMI Project Board and the competitive dialogue was formally closed when the Council considered that there was at least one bid capable of meeting the Council's requirements.

3.11 ISFT submissions were requested and final submissions were received from all 5 bidders then evaluated and moderated. The evaluation panel moderated and agreed the consensus score to identify the preferred bidder. The process included ensuring a sufficient level of detail was captured regarding each element that was evaluated to ensure that the Council can fulfil its obligations in regards to information provided to unsuccessful bidders. A report summarising this stage was presented to PMI Board on 30th July for ratification to be presented to Cabinet.

4. CONSULTATION

4.1 Statutory Stage one Leaseholder Section 20 consultation (Notice of Intention) was carried out between April and May 2014 and Stage two consultation (Notification of Award of Contract) letters will go out on 5th October 2015. The Alcatel standstill period (where successful and unsuccessful bidders are informed of the outcome and have the opportunity to request further information) will commence when the leaseholder consultation has been completed.

4.2 A quarterly briefing has been provided at the Tenant and Leaseholder panel.

4.3 A regular newsletter is produced and circulated to all Council officers to ensure those who may be impacted by the outcome of this project are kept informed.

4.4 A comprehensive survey of residents and other stakeholders' views on existing services and future expectations was undertaken. The findings, in the form of a 'Focus Group Summary Report' were provided to bidders to assist in their understanding of residents' views and feedback.

4.5 Six resident representatives participated as members of the evaluation panel specifically focussing on the customer experience in its broadest sense including attending site visits.

5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 The preferred Bidder A was selected by a competitive tendering exercise and is considered to offer best value to the Council.

5.2 The savings achieved are in line with the original target.

5.3 Further details are contained within Part B.

5.4. Options

5.4.1 If the recommendation is not approved the procurement process would need to be carried out again to ensure that the Council can continue to deliver works to its stock in order to maintain its landlord responsibilities. In the intervening

period existing contracts would need to be extended however should this not be possible this would create a significant risk.

(Approved by: Dianne Ellender, Head of Finance and Deputy S151 Officer)

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Solicitor to the Council advises that detailed legal advice has been provided throughout the project by the Council's external legal advisors and the procurement process as detailed in this report is in accordance with the requirements of the Council's Tenders & Contracts Regulations and meets the Council's duty to secure best value as provided under the Local Government Act 1999.

(Approved by: Gabriel McGregor, Head of Corporate Law on behalf of the Council Solicitor & Monitoring Officer)

7. HUMAN RESOURCES IMPACT

- 7.1 This paper makes recommendations involving a service provision change which may invoke the effects of the Transfer of Undertakings (Protection of Employment) 2006 Legislation (TUPE). If this is the case, then all staff that predominantly work in an identified third party provider will transfer to the new provider. The Council provided the bidders information relating to the incumbent Providers' employees within the invitation to submit a final tender document. The final detailed information should be provided by the outgoing contractors in accordance with the employee liability information provisions under TUPE, no later than 28 days prior to the actual transfer. No Council staff or LGPS members are in scope for TUPE transfer.

(Approved by: (Adrian Prescod), Strategic HR Business Partner (on behalf of Heather Daley, Director of Workforce)

8. EQUALITIES IMPACT

- 8.1 The equality considerations were taken into account as part of the requirements defined within the original ISS documents (including the Term Partnering Contract) whereby there is a need for the contractor to be compliant with the Equality Act 2010. As part of the contractor's focus on customer satisfaction and considering the diverse needs of the community, there was a need for the bidders to demonstrate whether their proposed services will include adequate access provisions for both the public and staff during the planning; consultation and delivery of works.
- 8.2 A full equality evaluation of proposed changes and enhancements to service

delivery have been carried out and signed off by the Council's responsible equality officer.

(Approved by Yvonne Okiyo corporate equalities officer)

9. ENVIRONMENTAL IMPACT

- 9.1 Procurement of the contract has provided the Council with a significant opportunity to support the Council in a range of areas including reduction Croydon's CO2 emissions as well as support reductions in fuel poverty amongst Croydon's housing residents.
- 9.2 In accordance with the contract terms, the preferred bidder will produce a site waste management plan for these works and the Council is satisfied that the winning bidder's solution will contribute to reducing Croydon's CO2 emissions; result in a move to more sustainable components and products and support energy efficiency in Croydon's homes.

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 There are no adverse Crime and Disorder impacts arising from this report. In addition, the installation of security doors which forms a specific work stream under this contract will significantly enhance resident security and assist in reducing the impact of crime and disorder.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 Following the evaluation of the final tender submissions, the evaluated scores are given in the table with Bidder A recommended as offering the most economically advantageous tender.

Bidder	Quality Score	Price Score	Overall Score	Rank
Bidder A	46.6%	35.7%	82.3%	1
Bidder B	43.1%	35.5%	78.6%	2
Bidder C	38.6%	33.0%	71.6%	3
Bidder D	33.6%	32.7%	66.3%	4
Bidder E	26.5%	31.5%	58%	5

12. OPTIONS CONSIDERED AND REJECTED

- 12.1 Bidder A, having achieved the overall highest combined score of 82.3% and having submitted a compliant bid which met the requirements set out within the ISFT document, no other options were considered.
- 12.2 Preferred Bidder A has successfully demonstrated through their bid that they are capable of meeting the Council's quality and price requirements.

CONTACT OFFICER:

Name:	Judy Pevan
Post title:	Commissioning Manager-Project Manager
Telephone number:	X62953

BACKGROUND PAPERS – Tender submissions (exempt from publication)

Appendices

Appendix 1 – Overview of the procurement process

Appendix 2 - Overview of the detailed elements evaluated

Appendix 1 : Overview of the Procurement Process

Stage	Date	Output
Issue OJEU notice also advertised on the Council's website and through the London Tenders Portal	October 2014	Compliance with EU Public Contract regulations (2006). Compliance with Council's Tender and Contract regulations.
Bidders briefing	November 2014	To brief potential bidders about the Council's requirements
PQQ	December 2014	Determine the top five highest scoring Bidders meeting the capacity and capability requirements to proceed to the ISS stage.
ISS Bidder Briefing	January 2015	To brief shortlisted bidders on the ISS process including competitive dialogue
Site Visit	February 2015	Members of the evaluation team carried out site visits (not evaluated).
ISS submission and evaluation	February-March 2015	Assessment undertaken by the evaluation panel with formal feedback moderated in readiness for the initial dialogue session.
Dialogue Phase	March-April 2015	8 weeks dialogue sessions with bidders to explore possible solutions and options to ensure they understand our requirements fully and will be able to submit an ISFT response effectively. This covered Partnership Working; Operational Delivery; ICT; Social Value and Customer.
Invitation to submit final solution	June 2015 with contract signed for December 2015.	Determine the most economically advantageous tender.

Appendix 2: Overview of the detailed elements evaluated

Table A: Tier 1 Criteria

Criterion	ISFT Weighting
Quality	60%
Price	40%
Total	100%

Table B: Tier 2 Criteria

Quality Criterion	ISFT Weighting
Partnership working	12%
Operational Delivery	18%
Customer Care	18%
Social Value	12%
Quality	60%
Price	40%

Table C: Tier 3 Criteria – Partnership working

Criterion	ISFT Weighting
Mobilisation	10%
Contract Management	20%
Ethos and culture	25%
Strategic Planning & Programming	25%
Continuous improvement & Performance Management	20%
Total	100%

Table D: Tier 3 Criteria – Operational Delivery

Criterion	ISFT Weighting
ICT	15%
Design	20%
Supply Chain Management	10%
Environmental Requirements	10%
Kitchen and Bathroom Programme Delivery	20%
Aids and Adaptations	20%
Emergency Services and Business Continuity Planning	5%
Total	100%

Table E: Tier 3 Criteria – Customer

Criterion	ISFT Weighting
Consultation & Communication	35%
Working in and around people's homes	35%
Works for Leaseholders and Freeholders	10%
Complaints and Compliments	20%
Total	100%

Table F: Tier 3 Criteria – Social Value

Criterion	ISFT Weighting
Supporting local employment and maximising employment for Croydon	35%
Creating accessible routes to employment	25%
Supporting local business growth	20%

Supporting the local community	10%
Embedding and promoting good governance and working with the Council and its Strategic Partners	10%
Total	100%

Table G: Tier 3 Criteria –Price

Criterion	ISFT Weighting
Mobilisation	3%
Kitchens and Bathrooms	42%
Aids and Adaptations	8%
Quotation Based Works	13%
NHF Schedule of Rates	11%
Scaffolding	3%
Day works	1%
Design Fees	5%
Security Doors	4%
Over cladding and Associated	10%
Total	100%