



ADVANCED PUBLICATION OF REPORTS

This publication gives five clear working days' notice of the decisions listed below.

These decisions are due to be signed by individual Cabinet Members
and operational key decision makers.

Once signed all decisions will be published on the Council's
Publication of Decisions List.

- 1. CONTRACT AWARD - KITCHEN, BATHROOM & ELECTRICAL WORKS
UPGRADE CONTRACT(S) (Pages 1 - 16)**

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Added London Borough of Enfield**Operational Report**

Report of: Joanne Drew - Director – Housing & Regeneration

Subject: Contract Award – Kitchen, bathroom & electrical works upgrade contract(s)

Cabinet Member: Cllr G Needs

Executive Director: Sarah Cary – Exec Director - Place

Ward: Boroughwide

Key Decision: 5129 - Approving major works schemes outlined in the Major Works Programme 20/21 and Emergency Building Safety Works

Purpose of Report

- 1.1 To seek approval to award two contracts for kitchen, bathroom & electrical upgrades works to residential properties in two lots; to the North (including a small number of out of borough properties in Hertfordshire) and South of the Borough, following a compliant tender process via the Southeast Consortium Procurement Framework

Proposal(s)

- 2.1 That approval be given to award two, three-year contracts, for kitchen, bathroom and electrical upgrade works, in two separate lots, with properties split by geographical area, in furtherance of the Councils duty as a landlord to meet the Decent Homes standard.
 - 2.1.1 That the contracts are awarded to Lura Constructions Limited – for works to housing stock in South of the Borough and Pilon Limited for works to the housing stock in the North (including a small number of out of borough properties in Hertfordshire).

Reason for Proposal(s)

- 3.1 The Better Council Homes programme includes targeted investment in Council housing. The agreed programme includes planned internal refurbishment works to ensure the Council complies with the Decent Homes standard.

- 3.2 The procurement plan for the 20/21 capital programme was approved at the Procurement and Commissioning Hub on Tuesday 24th September 2019, noting that all such procurement activity would be carried out in accordance with the Council's procurement rules (CPRs) to ensure the programme delivers value for money and achieves the quality standards expected for residents.
- 3.3 The Council has undertaken a competitive tender exercise and is recommending award of the two highest ranked bidders following evaluation.
- 3.4 The decision to award two separate contracts by geographical area, has been taken to ensure the Council mitigates risks around possible future labour shortages (CV19) and supply chain performance.

Relevance to the Council's Corporate Plan

Good homes in well-connected neighbourhood

- 4.1 The programme will improve the quality and safety of existing homes, creating thriving neighbourhoods and places

Sustain strong and healthy communities

- 4.2 Developing and sustaining good quality and safety compliant housing in areas where people desire to live will help to create and maintain strong sustainable communities.

Build our local economy to create a thriving place

- 4.3 Support residents to take more responsibility to increase the local economy and improve their communities by more active engagement in project delivery.

Background

- 5.1 The 2020/21 capital programme has identified the need for a substantial programme of internal refurbishments to ensure Council's residential stock achieves the Decent Homes Standard.
- 5.2 These contracts are made up of approximately 3700 properties spread across the borough with a small number of out of borough properties in Hertfordshire. The properties have been selected based on stock condition information which have identified the elements due for replacement.
- 5.3 The scope of works includes kitchen and bathroom refurbishments, electrical testing and re-wires and associated building works.
- 5.4 The project does not include works to leasehold properties.

- 5.5 Tenders were issued via the London Tender Portal (LTP) to contractors with a proven track record of delivery in this area and of a suitable size to deliver the works. In accordance with CPRs the tender list included six contractors.
- 5.6 Indicative property lists for each area were included in the tenders. Whilst tenderers were permitted to submit tenders for both areas, tenderers were required to identify their preferred area, as they could only be awarded one of the contracts, North or South. The invitation to tender, set out that if a tenderer is the first ranked tender for both areas, they would be awarded their preferred option and the second ranked tenderer would be awarded the remaining area.
- 5.7 Further to advice from the Council's expert procurement advisors, Echelon Consultancy Ltd. the weighting criteria applied to the tender evaluation was 45% price and 55% quality. Assessment of appropriate weightings for procurement are typically based upon the timescales, complexity and impact of the works or services being delivered together with the contractual ability to influence performance following appointment. Echelon advised; "in our experience once quality is 40% or less, price is invariably the deciding factor. This may be appropriate for works or services that are simple, have minimal impact upon residents and/or are short term but is rarely an effective approach to works where the impact upon the customer is substantial. For Decent Homes Contracts Echelon will typically recommend a ratio in the range of 50/50 (quality/price) to 60/40 (quality/price). Key factors that were considered in determining the 55/45 (quality/price) ratio recommended are
- The Contract period is 3 years; sufficient to build a relationship but not long enough to generate long term efficiencies.
 - The works are well defined and relatively simple to price therefore price variance should be limited, in this situation quality should be the deciding factor
 - The Tenderers are generally medium sized businesses; too high an emphasis on quality could disadvantage those without professional bid writing skills

In general terms it was considered that the recommended ratio should ensure that tender prices were competitive whilst the quality offering (i.e. how they would deliver) was important enough to influence the outcome.

- 5.8 Tender pricing was based upon a bespoke Schedule of Rates for the specific work content supported by detailed specifications. The quantification within the bespoke schedule broadly represented 12 months' work.
- 5.9 Tenderers were requested to provide written quality method statements in relation to Enfield's specific requirements, reflecting lessons learned from previous programmes and incorporating requirements for resident engagement and social value.

- 5.10 Written quality returns were assessed by the evaluation team individually and an agreed consensus (moderated) final score was applied, for each question, for each contractor.

Main Considerations for the Council

- 6.1 The programme is required to ensure that the Council delivers homes that meet the Decent Homes Standard.

Safeguarding Implications

- 7.1 The works will require Contractors to enter resident's homes and therefore the Contract Documents require Disclosure & Barring Services (DBS) and adherence with the Council's Safeguarding Policy.
- 7.2 In addition to the above the Contractor is required to provide a dedicated Resident Liaison Officer (RLO) whose role is to ensure that residents needs are reflected in both the works delivered and the processes adopted by the Contractors. Evaluation of the Contractors offers in this area are a major component of the qualitative evaluation.

Public Health Implications

- 8.1 The works will improve the living conditions of those residents that receive works.
- 8.2 The contractor will be completing works in-line with the Construction Leadership Councils (CLC) and the Governments Covid-Secure guidelines 'Working safely during COVID-19 in other people's homes. This means that works will be undertaken in accordance with recommendations which require contractors to develop a safe system of work which minimises the risk of contact during works. Areas to be addressed in contractors method statements include, social distancing, interacting with householders, cleaning the work area, personal protective equipment (PPE), workforce management and deliveries to the home.
- 8.3 Measures for this contract will include:
- Developing suitable systems for communication/consultation. In this case resident Liaison Officers will call ahead of each visit to discuss residents individual circumstances and consultation events will be replaced with 1-2-1 consultation for each resident
 - Use of suitable PPE such as gloves and face coverings for all management staff and operatives
 - Strict application of hygiene standards with operatives provided with hand sanitisers and a cleaning kit so that areas of works are sanitised before and after each operation
 - Reduced numbers of operatives in a property at any given time (this will in most cases result in extended duration for the works)

- Additional supervision with documented inspections
- Deliveries made outside of peak hours

8.4 During the pandemic any resident who wishes to defer the works until a later date this will be provided the option to do so.

8.4.1 It should be noted that if the works are deemed hazardous to health (i.e. – electrical installation or other high risk failure) then a Specific Tenant/Property Risk assessment will be undertaken to determine the greater risk and measures put in place to mitigate and/or remove the risk(s) as necessary

Equalities Impact of the Proposal

9.1 Corporate advice has been sought in regard to equalities and an agreement has been reached that an equalities impact assessment is neither relevant nor proportionate for the approval of this report, however it should be noted that the any contracts awarded should include a duty on the successful applicant to assist us with meeting our obligations under the Equalities Act 2010

Environmental and Climate Change Considerations

- 10.1 The works will not directly deliver energy performance improvements to the stock, however electrical re-wires will support future installations, as the Council delivers on its longer-term sustainability strategy.
- 10.2 The Contractor’s offers include several environmental commitments that will be delivered to the Council including related to waste management, recycling and carbon reduction.

Consideration	Impact of Proposals
Energy consumption in delivering service	Installation of new electrical mains infrastructure will supports longer term sustainability improvements.
Measures to reduce carbon emissions	The Contractor’s offers include several environmental commitments that will be delivered to the Council including related to waste management, recycling and carbon reduction.
Environmental management	The Contractor’s offers include several environmental commitments that will be delivered to the Council, including related to waste management, recycling and carbon reduction.
Climate change mitigation	None are proposed because the improvements should not lead to an increase in carbon emissions.

Risks that may arise if the proposed decision and related work is not taken

11.1

Risk	Likelihood	Impact
The Council will breach the Homes Standard,.	High	High
Increased levels of resident dissatisfaction with the condition of their homes.	High	Medium
Increasing levels of reactive repairs required to address defects, placing pressure on the revenue budget.	Medium	Medium

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

12.1 The table below highlights risks identified and mitigating actions taken.

Risk	Mitigating action	Residual risk High / Medium or Low
Necessary procurement skills for the project	The works have been procured through the SEC Framework and therefore the procurement has been conducted in full compliance with Public Contract Regulations 2015	Low
Compliance with Public Contracts Regulations 2015	Contract procured via established framework with support from the framework providers who ensure compliance with the framework rules and Public Contract Regulations 2015	Low
Contractor claims for additional monies	Robust Quantity Surveying support/resource within the Council to ensure contract provisions applied	Low
Contractual issues	The Councils requirements are built into the bespoke contract and tender documentation	Med
Supplier performance	Clearly defined key performance indicators (KPI's) have been incorporated into the contract. Structured and regular meetings	Low

	to be held with the Councils Project Manager to monitor programme and performance.	
Incidents/accidents on site	Robust management of risk; Contractor submission of risk assessments etc	Low
Covid - 19	Contractors are working in line with CLC and Covid-Secure guidance. SOPs will be agreed by the Principle Designer as part of the CPP review to ensure suitable controls are in place. Additional pre-lim costs agreed to support Covid – Supervisors to monitor site practices and provide assurance to residents.	Low

Financial Implications

- 13.1 An investment budget was approved as part of the rent setting report in February 2020 and the costs of these works are included, in the HRA 30-year business plan.

Legal Implications

- 14.1 The Council has the power under s.1(1) Localism Act (2011) to do anything individuals generally may do providing it is not prohibited by legislation and subject to Public Law principles
- 14.2 Under s.111 Local Government Act (1972) local authorities may do anything, including incurring expenditure or borrowing which is calculated to facilitate or is conducive or incidental to the discharge of their functions.
- 14.3 The Council has conducted its tendering exercise in accordance with the Council's Contract Procedure Rules (CPRs). If the Council believes the value of a contract is likely to be less than 10% below the EU threshold for Works (currently £4,733,252) then CPR 12.1(viii) requires the Council to consider procuring in accordance with the Public Contract Regulations (2015) (PCRs). The Council must continue to have due regard to both its CPRs and the PCRs along with the procurement principles of transparency, equal treatment and proportionality throughout the procurement and contract award process.
- 14.4 In accordance with Contract Procedure Rule (CPR) 7 (in particular CPR 7.2) and depending on individual contract value, the Council should have (at pre-procurement stage) considered whether additional security would be required from the successful provider(s). For contracts £1,000,000+ in value, suppliers must be required to provide sufficient security in one of

the forms outlined in CRP 7.3. If in the later instance, such security is deemed not to be required then the Executive Director of Resources must approve such a decision, with reasons and risk mitigation measures set out in this report.

- 14.5 The Council has the power under s.1(1) Localism Act (2011) to do anything individuals generally may do providing it is not prohibited by legislation and subject to Public Law principles.
- 14.6 Under s.111 Local Government Act (1972) local authorities may do anything, including incurring expenditure or borrowing which is calculated to facilitate or is conducive or incidental to the discharge of their functions.
- 14.7 The Council has conducted its tendering exercise in accordance with the Council's Contract Procedure Rules (CPRs). If the Council believes the value of a contract is likely to be less than 10% below the EU threshold for Works (currently £4,733,252) then CPR 12.1(viii) requires the Council to consider procuring in accordance with the Public Contract Regulations (2015) (PCRs). The Council must continue to have due regard to both its CPRs and the PCRs along with the procurement principles of transparency, equal treatment and proportionality throughout the procurement and contract award process.
- 14.8 In accordance with Contract Procedure Rule (CPR) 7 (in particular CPR 7.2) and depending on individual contract value, the Council should have (at pre-procurement stage) considered whether additional security would be required from the successful provider(s). For contracts £1,000,000+ in value, suppliers must be required to provide sufficient security in one of the forms outlined in CRP 7.3. If in the later instance, such security is deemed not to be required then the Executive Director of Resources must approve such a decision, with reasons and risk mitigation measures set out in this report.
- 14.9 The Council must comply with its obligations relating to obtaining best value under the Local Government (Best Value Principles) Act 1999
As this constitutes a Key Decision officers must be mindful of the Council's Key Decision process and follow it accordingly.
- 14.10 All contracts and supplementary legal documentation arising as a result of this report must be in a form approved by Legal Services for and on behalf of the Director – Law & Governance ahead of contract commencement.
As this constitutes a Key Decision officers must be mindful of the Council's Key Decision process and follow it accordingly.
- 14.11 All contracts and supplementary legal documentation arising as a result of this report must be in a form approved by Legal Services for and on behalf of the Director – Law & Governance ahead of contract commencement

Workforce Implications

- 15.1 The above report has no direct implications on the current workforce at this time as these are works not completed by our employees.

- 15.2 There is sufficient capacity in the Capital Programme structure to adequately manager and supervise these works.
- 15.3 Should there be future actions which result in this work being insourced consideration will need to be given to the Council's statutory obligations with regard to the TUPE regulations.

Property Implications

- 16.1 There are no property implications in connection with this report

Other Implications - Procurement

- 17.1 In terms of procurement options there were two main routes for consideration:
- Use of a suitable consortia framework agreement, with appointment via mini tender
 - Unilateral tendering of bespoke contract(s)
- 17.2 Using a framework can save time, while still delivering a service specified to local requirements. Contractors are assessed for suitability prior to joining the framework and have signed up to pre-agreed terms and conditions. Standard documentation is also provided although this often requires significant amendment.
- 17.3 The Framework Provider charges a fee (effectively added to the tenderers rates) of approximately 1.5% and the time benefits are only achieved on Official Journal of the European Union) OJEU based procurements.
- 17.4 Tendering a contract allows the Council to create bespoke documentation designed to fit its requirements. As the value is sub-OJEU the Council can select Tenderers based on market knowledge and experience
- 17.5 On this basis Officers decided to procure the Contracts through a direct Tender.

Options Considered

- 18.1 Consideration was given to several alternative options to deliver the works that can be summarised as follows:
- A. A single contract covering the whole borough of a long duration i.e. 5 years or more
 - B. Several separate contracts dedicated to each component (this could be 3 or more contractual arrangements)
 - C. 2 geographically based contracts covering all components
- 18.2 Option C was selected based upon the following:

Option A – Single Long-Term Contract

This approach is commonly used within the sector and does have benefits in terms of management input i.e. a single relationship to manage. However, the key factors that led to its rejection were:

- Failure or poor performance is systemic and provides a major risk for the Council
- Only Major Contractors have the capacity to tender for these works and therefore competition is limited
- The potential involvement of Small/Medium Enterprises (SMEs) is limited to working for the Main Contractor
- The Contract would probably exceed the OJEU threshold and would therefore require an OJEU Compliant approach which takes longer and is less cost effective than a sub-OJEU procurement.

Option B- multiple component-based contracts

This approach is not commonly used within the sector but has been adopted by the Council for the 2019/20 programme. The primary benefit of this approach is that it allows multiple small contractors to deliver with consequent competitive benefits and the use of SMEs. However, the key factors that led to its rejection were:

- Management of numerous contractors is inefficient in resource terms
- Small Contractors are unable to manage the works effectively and have limited skills regarding resident liaison and consultation
- The component-based approach can mean that residents have 3 separate Contractors within their homes

Option C - 2 geographically based contracts covering all components

Officers considered that this option provides the optimum solution, it was selected because:

- Having 2 contractors reduces the impact of failure or poor performance
- The Council's management team and structure is ideally suited to this scale of Contract
- The size of the contract would enable smaller SMEs to tender
- The Council's experience in working with SMEs to deliver this type of work has been mixed but the experience gained would enable them to identify high performing contractors
- The Contracts would not exceed the OJEU threshold and procurement timescales would therefore be reduced

Conclusions

19.1 The procurement process for the 3-year kitchen, bathroom & electrical works upgrade contracts have been conducted in accordance with the Council's CPRs.

19.2 The Contractors recommended for the North and South packages have both provided, high quality offers at competitive prices.

19.3 That approval be given to award to award the two contracts over the three year term as recommended.

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Date of report 1st October 2020

Appendices

Appendix 1 – Part 2 (Confidential) report

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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