

Appendix 1

Procurement Gateway One - Authority to Procure

This report is required for:

- All procurement intentions valued at between £100,000 and £499,999 and presented to and approved by the Directorate Procurement Board.
- Approval by the Commissioning & Commercial Board if details on the procurement strategy and evaluation criteria were not included in any prior report approved by Cabinet.

Please do not use this report template for procurement intentions valued at £500,000 and above. Procurement at this value threshold requires Cabinet approval.

If you required further guidance and/or support please refer to the Contract Procedure Rules or contact the Commercial, Contracts & Procurement team.

Project Details

Name of Procurement		HAM 0090 – Better Homes Kitchen & Bathroom refurbishment 2017/18
New Procurement or Renewal		New
Sponsor	Name	Lynne Pennington
	Job title	Director of Housing
	Team	Housing
	Directorate	Communities Directorate
Project Manager name and number		Rukshan Kariy ext. 7669
Annual value of proposed contract		£2,300,000
Aggregate value of proposed contract (Including any extension options)		Single Contract – awarded over 3 lots (East, West and Central) with estimated value of £750k per lot
Proposed contract term (including any extension options)		42 Weeks
Governance:		
Has an EQIA been completed?		Yes (forms part of the Housing Capital Programme EQIA)
Name of procurement officer [on behalf of the Director for Procurement] clearing the report:		Name: Jessica Covey
Cleared by Finance Business Partner		<i>Name: Dave Roberts</i>
Cleared by Legal		<i>Name: Stephen Dorrian</i>
Cleared by DPB		<i>Date of Meeting where Cleared: Offline Approval</i>
Portfolio Holder (PH) consulted prior to DPB		Yes <i>Name: Cllr Glen Hearnden</i> <i>Date(s) Consulted: 13/10/2016</i>
Portfolio Holder for Finance & Commercialisation consulted prior to DPB (above £250k)		Yes - As part of the 17/18 Capital Programme

All officers involved in the procurement of a service must complete a confidentiality and declaration of interest form at the outset of the commissioning / procurement project.

I Declare that this has been done and all completed forms are lodged with the procurement team.

Yes

1.0 Objectives

Following on from the expiry of the Capital Projects Framework developed in 2012, and in conjunction with the Local Government Act 2000, The London Borough of Harrow is keen to move in new direction and engage with local small and medium enterprises (SME's) recognising that they are a powerful engine for local economic growth.

The aim of the project is to deliver the Better Homes Kitchen, Bathroom and Electrical rewire refurbishments across 3 lots, East, West and Central across various addresses in the London Borough of Harrow. The intention is to trial this procurement strategy for 1 year.

Contractors are open to bid for all 3 lots, but can only be awarded 1; therefore 3 different suppliers will be carrying out works across the borough. It is hoped that this will encourage competitive tendering amongst local SME's although LBH recognise that large firms will still be able to tender for the project.

The works package to be delivered includes:

East Ward: 56 kitchens, 63 bathrooms and 3 rewires

West Ward: 56 kitchens, 53 bathrooms and 2 rewires

Central Ward: 47 kitchens and 36 Bathrooms

2.0 Savings & Essential Spending

The planning estimated value of the contract is £2,300,000, including relevant fees. The term of the project will be for a period of 42 weeks commencing in 2017 and the works will be split geographically across Harrow into 3 Lots with an estimated value of £750k per lot. These will be raised as 3 separate contracts.

3.0 Benefits

There will be 3 medium size JCT contracts with specialist elements in the works package and it is therefore expected to be suited to SME's and smaller contractors which should potentially stimulate a greater number of returned tenderers with stronger competition in the ITT e-tender to give the best current market price.

The utilisation of smaller local companies contributes positively to economic and sustainability agendas can provide training and employment opportunities, and a range of derivative social benefits. It is also advantageous in terms of reduced transactional costs such as preliminary rates as many of the smaller local contractors may have their own operational facilities in which they can work out of.

We aim to extract as much local benefit from this scheme as we can. This has included presentations to local businesses to encourage local contractors to tender for our 2017/18 Housing capital Programme.

Other sustainability initiatives including encouraging recycling and carbon foot print for site energy through targets will be set within the ITT criteria together with other sustainability KPI indicators.

Customer satisfaction for the proposed works will be recorded against given KPI targets.

4.0 Critical Success Factors and Dependencies

The procurement process needs to be open and transparent to ensure that contracts are awarded fairly and on merit. Harrow Council aims improve the process and better support local businesses by introducing supplier open day training sessions and guidance to help SMEs better understand the procurement process. This is due to take place in November 2017

5.0 Programme

The Tender exercise is expected to commence once Cabinet has approved the report. The following is the proposed timeline:

Event	Date
Internal Governance	
- Internal approval (Cabinet report)	17 November – 10 December 2016
Publish ITT advert and Invitations to Tender	09 January 2017
Deadline for submitting clarifications	30 January 2017
Tender submission deadline	03 February 2017
Evaluate Tender submissions	06 February – 03 March 2017
Award recommendation	06 March 2017
Internal Governance	
- Internal approval (Gateway 2)	March 2017
- Divisional Procurement Board	April 2017
Mobilisation	01 May 2017 – 31 May 2017
Contract commencement date	05 June 2017
Contract completion date	26 March 2018

6.0 Social Value Considerations

This project is to be procured by open tendering, it is hoped the scale, value and nature of these works would attract contractors within a 15-mile radius more able to use local supply chains and sub-contractors.

It is expected this will encourage local contractors to be involved in the bidding process. Local contractor involvement is more likely to bring with it a greater proportion of staff living locally.

Social value will be included as part of the evaluation criteria for this project. Tenders will be asked to provide details of their commitments to social value through the delivery of this contract with consideration to the councils sustainable procurement policy that commits the Council and its supply chains to deliver a set of principles that improve the sustainability of the Council, our supply chains and the community that we serve

7.0 Change AND Risk Management

Utilising an e-tendering process provides an audit trail of decision making and analysis. The tender documentation and tender responses are stored on a centralised internet hub and so

this makes it easier for any HAM team member or procurement services to pick up and continue with the ITT evaluation process in the Project Managers absence.

There is a potential outcome that a single contractor could come in with the lowest price for all 3 lots, however as it is the Council's priority is to engage with local providers, we are limiting the number of lots a contractor can win to one Lot. It is the Asset Management's teams hope that by engaging with SME's, this will ultimately result in reduced transactional costs such as preliminary rates and sub-contracting/supply chain costs.

Financial health checks will be part of the stringent procurement process on the e-tendering portal.

There will be an increased need for resourcing by the Council in terms of the project management team. It is envisaged that 2 Project managers will manage the 3 lots along with 2 Clerk of Works and 2 RLO's.

A large degree of support will need to be offered to SME's and smaller contractors should they be successfully appointed in terms of resident communication and KPI data collection. However given the Asset Management teams' track record in terms of managing larger scale contractors, this should not pose any issues.

8.0 Procurement Approach and Evaluation Criteria

The approach to market will be an open tender for this new project requirement.

Eligible tenderers will be measured in both their quality, commercial and social value submissions, with a quality weighting of 30%, commercial weighting of 60% and social value of 10%. The Most Economically Advantageous Tender will be recommended for award of the contract.

The ITT evaluation breakdown is shown below:

Quality / Technical	Area weighting	Overall weighting
Project Experience	20%	30%
Delivery of the Specified Requirements	30%	
Programme of Works	10%	
Resident Communication	15%	
Key Performance Indicators	15%	
Health & Safety	10%	
Total for Quality/Technical	100%	
Quality Threshold – 20% out of the available 30%		
Social Value	Area weighting	Overall weighting
Total for Social Value	100%	10%
Commercial - Cost	Area weighting	Overall weighting
Cost submission	100%	60%
Total		100%

9.0 Legal Comments and Clearance
Legal approval taken from the main report.

10.0 Contract Management

The proposed contract is JCT Intermediate Building Contract 2011 with contractor's design which accommodates detailed contractor / manufacturer design of the proposed Kitchens in conjunction with the Council's LHC approved kitchen supplier 'Symphony'

The contract will be managed by holding monthly progress meetings which will measure actual physical and financial progress against projected spend.

The Contract Review form will be completed every month with the contractor input. This measures the outcomes, outputs and performance of the contract.

Project managers will attend a monthly capital/contract challenge sessions with the Planned Investment Manager and Finance Staff.

Capital/Contract Information is reported regularly to Departmental Contracts Board.

11.0 Recommendations

That permission is sought to compile the specification and drawing documentation for the tendering process.

That Permission is granted to tender into the enveloping and external works through an open ITT route using the e-tendering system.

That permission is granted to Housing Asset Management to enter into contract with the 3 successful contractors

Approvals

Approved as part of the cabinet report