

Re <b>LONDON BOROUGH OF CAMDEN</b>	<b>WARDS:</b> All
Approval of the Procurement Strategy for Water Services and Fire Protection Contracts (SC/2024/07)	
<b>REPORT OF</b> Cabinet Member for Better Homes (SC/2024/07)	
<b>FOR SUBMISSION TO</b> Cabinet	<b>DATE</b> 28 February 2024
<p><b>STRATEGIC CONTEXT</b></p> <p>The work outlined in this report supports the ambitions set out in We Make Camden, making sure Camden has enough decent, safe, warm, and family-friendly housing to support its communities.</p>	
<p><b>SUMMARY OF REPORT</b></p> <p>This report sets out a proposed procurement strategy for two contracts to cover Camden's Water Services and Fire Protection requirements for Council owned housing. The Council as Landlord has statutory obligations to service, maintain and replace mechanical and electrical equipment associated with the properties it owns. For water systems this includes water tank servicing, connections and liaison with Thames Water and risk assessments. For fire protection this includes fire alarms, automatic opening vents and remote monitoring.</p> <p>These are important areas of compliance for the Council to manage and performance is reported in our Fire and Building Safety Charter to residents, it will also form part of our regular and constructive dialogue with the Regulator of Social Housing. For our tall buildings, management of these assets will form part of the Building Safety Case that will be shared with residents and reported to the Building Safety Regulator.</p> <p>The report is coming to Cabinet because based on 2024/2025 budget forecast figures the total value for Water Services is £12m and the total value for Fire protection £17m over a proposed 10-year contract period. A Cabinet decision is required because of the value and proposed lengths of these contracts.</p> <p><b>Local Government Act 1972 – Access to Information</b></p> <p>No documents that require listing were used in the preparation of this report.</p> <p><b>Contact Officer:</b> Tony Castle, Head of Repairs, 79 Holmes Road, London, telephone – 07729 463496, e-mail – <a href="mailto:Tony.castle@camden.gov.uk">Tony.castle@camden.gov.uk</a></p>	

## RECOMMENDATIONS

The Cabinet is asked to:

1. Having due regard to the equalities impact assessment (Appendix 1 of the report), and the obligations in section 149 of the Equality Act 2010 to approve in principle (subject to consideration of leaseholder consultation) procurement strategies for 2 contracts (i) for the provision of Water Services and (ii) for the provision of Fire Protection Services each contract to be for 5 years with an option to extend by up to 5 additional years in increments through a two-stage tender process using the Restricted Procedure under Regulation 28 of the Public Contracts Regulations 2015 based on 60% on price and 40% on service delivery and quality assessment including 10% social value.
2. To delegate authority for formal approval of each procurement strategy referred to in Recommendation 1 to the Director of Property Management having regard to the outcome of Section 20 leaseholder consultation.
3. To delegate authority for each contract award in accordance with the approved procurement strategy to the Executive Director Supporting Communities in consultation with the Cabinet Member for Better Homes and the Executive Director Corporate Services.

Signed:



Date: 16/3/2024

## **1. CONTEXT AND BACKGROUND**

- 1.1. This report sets out a proposed procurement strategy for two contracts to cover Camden's Water Services and Fire Protection requirements for Council owned housing. The Council as Landlord has statutory obligations to service, maintain and replace mechanical and electrical equipment associated with the properties it owns. For water systems this includes water tank servicing, connections and liaison with Thames Water and risk assessments. For fire protection this includes fire alarms, automatic opening vents and remote monitoring.
- 1.2. These are important areas of compliance for the Council to manage and performance is reported in our Fire and Building Safety Charter to residents, it will also form part of our regular and constructive dialogue with the Regulator of Social Housing. For our tall buildings, management of these assets will form part of the Building Safety Case that will be shared with residents and reported to the Building Safety Regulator.
- 1.3. The report is coming to Cabinet because based on current budgets, the total value for Water Services is £12m and the total value for Fire Protection is £17m over a proposed 10-year contract period. A Cabinet decision is required because of the estimated value of these contracts.
- 1.4. At present water services are joined to a contract for Mechanical Services (also includes communal heating and gas) which is provided by GEM, and fire protection is joined to a contract for Electrical Services which is provided by Openview. The contracts delivered by GEM and Openview will continue, however these specialist areas are being re-procured so that we can incorporate the Council's latest requirements, reflect learning from the current contracts and directly appoint specialist providers.
- 1.5. The proposed contracts will last for 5 years with an option to extend for a total of 5 additional years with extensions of 1 year or more. The estimated values are based on current forecasts and the budgets for 2024/25 will be adhered to. The new contracts will aim to start April 2025 so the budgets for these services for 2025/26 onwards will be based on the award.

## **2. PROPOSAL AND REASONS**

- 2.1. As described above, these services currently form part of wider multi-disciplinary contracts. Water and fire protection services tend to be subcontracted and therefore the Council is not directly engaging with the specialist providers delivering the work. These specialist areas require close management as they form part of the Council's statutory requirements as landlord. The Council would also like to build in new performance management requirements, particularly on Water Services, and on fire protection, the Council is now installing new alarm systems as part of its

capital programme and it needs to make sure the contract in place is fully optimised.

- 2.2. Separating out water services and fire protection is to increase the likelihood that specialist service providers will bid for the contract which in turn will ensure better service delivery to the Council.
- 2.3. The initial contract period of 5 years is considered normal and necessary for a contract of this size and complexity. The Council wants to ensure bidders have a secure contract that will enable them to mobilise and get to fully understand the assets they are responsible for, invest time and effort in local recruitment of staff and partnering with local supply chain partners and embedding long term service improvement processes for example using better information and communication technology (ICT) systems.
- 2.4. The option to extend by up to an additional 5 years in increments of 1 year gives the Council flexibility towards the end of the initial 5-year period to either terminate and re-procure immediately or reward a well performing service provider with additional contract terms. During the extension period the Council will have complete flexibility to award 1 year or multiple years depending on performance, economic factors at the time, political will to in-source / continue outsourcing.
- 2.5. A description of the services that are to be procured are:
  - Water Services - contractor to provide planned preventative maintenance, repairs and resilience lead for the following service areas:
    - Water services (e.g. tanks, risers and mains)
    - Risk Assessments
    - Co-ordination with utilities
  - Fire protection - contractor to provide planned preventative maintenance, repairs and resilience lead for the following service areas:
    - Fire protection/prevention (e.g. alarms, automatic opening vents)
    - Remote monitoring
    - Co-ordination with utilities

### **3. OPTIONS APPRAISAL**

3.1. The following options were considered for the proposed contracts:

3.2. Use external public frameworks

- 3.3. The Council does use external public frameworks from time to time. A framework could be used to procure the contracts rather than advertising the tenders through a Contract Notice under the Public Contracts Regulations 2015. A constraint when using other frameworks is that the services required by the Council do not always correspond to the agreed descriptions and pricing schedules.
- 3.4. The use of frameworks would restrict competition to those who applied to be on the frameworks when they were first established. By contrast, advertising the contracts through a Contract Notice allows any interested company to express an interest, including local small to medium sized enterprises (SMEs).
- 3.5. Insourcing Water Services and Fire Protection
- 3.6. The primary function of the water services contract is to prevent the spread of Legionella pursuant to HSE L8 Guidance, the Water Supply (Water Fittings) Regulations, 1999 and all associated British Standards and Codes of Practice. The primary function of fire protection services is to comply with our statutory obligations under the Health & Safety at Work Act 1975, the Regulatory Reform Order (Fire Safety) 2005, Fire Safety Act 2021 and Building Safety Act 2022.
- 3.7. While the Council has insourced a wide range of works in recent years including facilities management and elements of the repairs service, this element of the service is not considered suitable for insourcing due to the specialist nature of the work, the limited capacity in the labour market for the skills required and the risk that the Council would be exposed to if it could not attract sufficient skilled personnel.
- 3.8. Tender Contracts via two stage Tender Process
- 3.9. This is the recommended option. The Council would appoint one supplier for each Contract on a long-term agreement. This would provide consistency, ensure that Camden's specific requirements are met, and that price can be scrutinised effectively.
- 3.10. The proposed contracts will consist of:

Contract name	Estimated Value
Water Services	£1.2m p.a. (£12m total value over 10 years)
Fire Protection	£1.7m p.a. (£17m total value over 10 years)

- 3.11. The proposed approach will be to conduct a two-stage tender process using the Restricted Procedure under Regulation 28 of the Public Contracts Regulations 2015.

- 3.12. A contract notice will be placed in the government's Find a Tender Service (FTS) on Contracts Finder and on ProContract for 'London Borough of Camden's Water Services Contract and Fire Protection Contract.
- 3.13. As part of the first stage of the tender, organisations will be invited to complete a Standard Selection Questionnaire (SSQ) to determine if their business meets Camden's minimum standards together with a supplementary qualitative question containing project specific questions which will be evaluated by Officers.
- 3.14. After this initial process, a shortlist of organisations will be created who will subsequently be invited to submit a fully priced and resourced tender, as part of the second stage of the process the Invitation to Tender (ITT). This second stage will include both a qualitative and commercial submission.
- 3.15. This approach would also allow local SMEs to be included and targeted with consideration given to them in the documents and process.
- 3.16. It is recommended that the price / quality ratio is 60% price and 40% quality (including 10% social value), with a quality threshold that each supplier will be required to meet.

**4. WHAT ARE THE KEY IMPACTS / RISKS? HOW WILL THEY BE ADDRESSED?**

4.1. The table below identified risks and control measures that will be put in place:

Risk	Control Measures / Mitigations
Affordability of tenders	Tender contract sums will be independently scrutinised and assessed against the pre-tender estimates for this work. In the immediate term the current contractual arrangements could be extended for 1 further year should re-tendering be required.
Market response	Specialist suppliers will be alerted to the opportunity and the tender documentation will make sure that specialist providers are not excluded.
Service continuity and compliance maintained	The Council will make sure there is a sufficient mobilisation period so that servicing and inspection programmes can be maintained. As above the current contractual arrangements can be extended by up to 1 further year should there be a delay to this process.
Small to medium sized enterprises do not apply	The Council will tailor the process to encourage SMEs. Actively monitor interest, including placing advertisements on commonly used portals

**5. CONSULTATION/ENGAGEMENT**

5.1. The Council will update Tenant and Resident Associations, and the District Management Committees on this procurement strategy. The Housing and Fire Safety Advisory Panel will also be updated.

- 5.2. A specific leaseholder consultation exercise would also be undertaken for these contracts with a notice of intention being issued before the procurement exercise and a notice of proposal issued prior to the appointment of suppliers.
- 5.3. The Equalities Impact Assessment is appended at Appendix 1. It emphasises the need for appointed suppliers to be sensitive to the needs of Camden's communities, also to make sure that leaseholder consultation processes are inclusive.

## **6. LEGAL IMPLICATIONS**

- 6.1. The Council is required to carry out its procurement activities in accordance with the Council's Contract Standing Orders (CSOs) and the Public Contracts Regulations 2015 ("PCR"). The report proposes the use of a Restricted Procedure procurement process to procure the two contracts referred to in the Report. Use of this process will comply with the PCR 2015 and CSOs, which require such contracts to be competitively tendered. CSOs require the procurement strategy for contracts of these values to be approved by Cabinet, though Cabinet may choose to delegate the subsequent award of the procured contracts.
- 6.2. By law, the Council must consult leaseholders before carrying out qualifying work or entering into a long-term agreement for providing services ('section 20 consultation') and take the outcome of the consultation into account in any decision to enter into such an agreement.
- 6.3. When making their decisions Cabinet Members must take into account the Council's equality duties. In summary, these legal obligations require the Council, when exercising its functions, to have 'due regard' to the need to: eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act; to advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and foster good relations between people who share a relevant protected characteristic and those who do not (which involves tackling prejudice and promoting understanding). Under the Duty the relevant protected characteristics are Age, Disability, Gender reassignment, Pregnancy and maternity, Race, Religion, Sex, Sexual orientation. In respect of the first aim, the protected characteristic of marriage and civil partnership is also relevant.

## **7. RESOURCE IMPLICATIONS**

- 7.1. The revenue budget allocated to water services in 2024/25 is £1.236m and to fire protection £1.744m and a capital budget of £0.250m. An inflationary uplift will be applied to these budgets to arrive at the budget for 2025/26.
- 7.2. If the cost of the contract exceeds the available budget in any of the years covered by the contract, that will create a pressure which will require reduced expenditure elsewhere in Property Management

## 8. ENVIRONMENTAL IMPLICATIONS

- 8.1. The successful supplier will be required to commit that when using small vans (“light commercial vehicles”) up to 3,500kg, as a minimum to meet Euro 6c (diesel or petrol). “Heavy – duty diesel engines” and “Large Goods Vehicles” shall be Euro VI. Alternatively, hybrid or zero emission vehicles may be used (if hybrid, the internal combustion engine shall be a minimum Euro 6c or Euro VI). These standards will be required to be complied with at all times and a monitoring report will be required to be submitted to provide evidence of compliance in accordance with the contract requirements.

## 9. TIMETABLE FOR IMPLEMENTATION

Key milestones	Indicative Date (or range)
Procurement strategy report	February 2024
Tender advert	April 2024
Deadline for return of Selection Questionnaires	May 2024
Invitations to tender issued	June 2024
Deadline for submission of tenders	August 2024
Tender evaluation and clarification period	Aug – Sept 2024
Contract Award Report	September 2024
Mobilisation starts	December 2024
Contract start date	April 2025

## 10. APPENDICES

- 10.1. Appendix 1 – Equalities Impact Assessment

**REPORT ENDS**