

**SURREY COUNTY COUNCIL**

**CABINET**

**DATE: 14 JULY 2016**

**REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES AND RESIDENT EXPERIENCE**

**LEAD OFFICER: JOHN STEBBINGS, CHIEF PROPERTY OFFICER**

**SUBJECT: BUSINESS REMOVAL SERVICES CONTRACT AWARD**



#### **SUMMARY OF ISSUE:**

This report seeks approval to award a framework agreement to Edward Baden Limited for the provision of Business Removal Services for the benefit of the Council as detailed in the recommendations to commence on 1 October 2016.

The report provides details of the procurement process, including the results of the evaluation process, and, in conjunction with the Part 2 report demonstrates why the recommended contract award delivers best value for money and therefore is a contributor to the strategic goal of Economic Prosperity within the Corporate Strategy 2016 – 21 to ensure Surrey's economy remains strong and sustainable.

Due to the commercial sensitivity involved in the contract award process, the names of the potential suppliers and their financial details have been circulated as a Part 2 report.

#### **RECOMMENDATIONS:**

It is recommended that:

1. The framework agreement is awarded to Edward Baden Limited for two years from 1 October 2016 with an option to extend for two periods of one year each.
2. An immediate call-off contract under the framework agreement is placed with Edward Baden Limited for the benefit of the Council with an estimated annual value of £463,958 for a two year contract term with an option to extend the contract for two periods of one year each.

#### **REASON FOR RECOMMENDATIONS:**

The existing contract will expire on 30 September 2016. A full tender process, in compliance with the requirements of the Public Contract Regulations 2015 and Procurement Standing Orders has been completed, and the recommendations provide best value for money for the Council following a thorough evaluation process.

The framework agreement as awarded sets out the terms and conditions under which a specific purchase known as a call-off contract can be made on behalf of the Council during the term of the agreement.

<b>DETAILS:</b>
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### **Business Case**

1. The framework agreement provides an efficient, cost effective and flexible business removal service which includes office moves (pack, move, unpack), and the supply and management of crates to the Council and other named users of the framework on a call off basis for administrative and operational premises. The agreement supports the Council's ability to provide a high quality service with a competitive schedule of rates that represents value for money and clear monitoring measures to ensure this quality is maintained. The current arrangement expires on 30 September 2016.
2. The framework agreement allows other named bodies including borough and district councils within Surrey, Surrey schools, East Sussex County Council and borough and district councils and Brighton and Hove City Council to utilise the framework agreement for their own business removal service.

### **Procurement Strategy and Options**

3. A full tender process using an electronic tendering platform, compliant with the Public Contracts Regulations 2015 and the Council's Procurement Standing Orders, has been carried out. This included advertising the contract opportunity in the Official Journal of the European Union (OJEU) on 19 April 2016.
4. Several options were considered when completing the Strategic Procurement Plan (SPP) prior to commencing the procurement activity. These were:
  - a. continue to provide the service with the incumbent contractor by enacting extension;
  - b. use internal services to undertake the work;
  - c. place a call-off contract from a framework agreement provided by an external buying organisation;
  - d. undertake a tender exercise and establish a bespoke framework agreement.
5. After a full and detailed options analysis, the tender process described in paragraph 4(d) was chosen. This option was selected as the option as described in 4(a) did not present an opportunity to improve service levels while also obtaining best value for the Council. Option 4(b) was rejected as there is insufficient internal resource to undertake the work and it would be costly for the Council to source the materials required for the service including a suitable storage area. Option 4(c) was rejected as the specification (services, materials, key performance indicators) for the externally provided framework was unlikely to meet the requirements of the Council. In addition as the framework had been awarded to a single supplier with a published schedule of rates the Council would be unable to run a mini-competition to establish best value for both quality and price criteria.

## Key Implications

6. By awarding a contract to the supplier recommended for the provision of Business Removal Services to commence on 1 October 2016, the Council will be meeting its obligations to provide a quality service for the Council and ensuring best value for money for this service.
7. There will be a seven week mobilisation period with the requirement for transfer of sub-contractor from the incumbent supplier to the incoming supplier to be addressed by both organisations in respect of the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) which is deemed applicable to this contract.
8. Performance will be monitored through a series of Key Performance Indicators (KPIs) as detailed in the contract and reviewed at monthly operations meetings. The top performance indicators and targets for each are as follows:

KPI	Target
Customer Satisfaction surveys rated happy or higher	95%
Continuity of foreman throughout the lifetime of the contract	90%
Any communications responded to within 1 working day	95%
Works with agreed crew numbers and equipment on site at correct time in line with agreed resource and activity schedule and quotation.	95%

9. Where the supplier fails to meet KPIs which are critical to the delivery of the service, a service credit will be due to the Council of 1% of the value of spend in the preceding quarter.
10. The management responsibility for the contract lies with the contract performance officer for Property Services. The schedule of rates will be fixed for the initial term of the contract and then reviewed on an annual basis. Any extensions will be subject to RPIX increases at the discretion of the Council after negotiation with the supplier.
11. In terms of Social Value bidders were required in their tender submissions to provide details of how they would implement and deliver the commitments made in their Employment and Skills Plan (ESP) including opportunities that would be offered within the local area and over the term of the call-off contract via work experience placements, apprenticeships and priority groups including employment of those currently Not in Education, Employment and Training (NEET).
12. The supplier recommended for award has given a contractual commitment to the appointment of three apprentices with two apprenticeship completions occurring during the second year of the call-off contract for the Council

including two jobs created for local residents with a portion of recruitment from priority groups.

### Competitive Tendering Process

13. The framework agreement has been tendered following a competitive tendering exercise using an open procedure.
14. All suppliers expressing an interest in the advertised tender opportunity were invited to tender for the framework and were given 30 days to complete and submit their tender. A total of 12 tender responses were received.
15. Tender submissions were initially evaluation against selection criteria including Good Standing, Insurance Requirements, Financial Information, Health and Safety and Equalities, Quality Assurance and Sustainability, Social Value and Business Continuity which all suppliers passed. Tender submissions were then scored against the quality and commercial award criteria and weightings as shown below.

Award Criteria	Weighting
Section A – Staffing and Recruitment	7.5%
Section B - Performance	6%
Section C – Contract Management and Supervision	15%
Section D – Services	15%
Section E – Health & Safety (specifically for the contract)	3%
Section F - Environmental	6%
Section G – Resource and Activity Schedule	7.5%
Price – Basket of Services	35%
Price – Resource and Activity Schedule	5%
<b>Total</b>	<b>100%</b>

### **RISK MANAGEMENT AND IMPLICATIONS:**

16. Risks were appropriately identified and have been satisfactorily mitigated. These risks and action to mitigate include:
  - a. Cost – the price is only fixed for the initial two years of the contract. Increases are possible after the initial two year contract term has ended, however these will be negotiated with the supplier prior to any contract extension being granted.
  - b. Stability – the risk of the supplier not being financially stable resulting in no longer being able to provide the services has been mitigated through annual checks to be undertaken to monitor spend on the framework agreement and call-off contracts.
  - c. Reputation – high standards need to be maintained in respect of health and safety, service and supplier staff continuity, correct equipment and the efficiency of the service. Ongoing performance monitoring will be undertaken by the supplier and the Council to maintain standards.
17. The framework agreement includes termination provisions to allow the Council to terminate the agreement with a three month notice period should

circumstances change. A call-off contract for a particular move can be terminated by the Council with a one week notice period to the supplier without obligation to pay for any services not yet provided.

18. All suppliers successfully completed satisfactory financial checks. The successful contractor will be required to provide either a Parent Company Guarantee or Performance Bond against failure.

#### **Financial and Value for Money Implications**

19. Full details of the framework agreement and call-off contract value and financial implications are set out in the Part 2 report.
20. The procurement activity has delivered a solution which is a reduction against core contract costs and is therefore within budget.

#### **Section 151 Officer Commentary**

21. The Section 151 Officer confirms that the estimated annual cost of £463,958 is provided for in the current Medium Term Financial Plan.

#### **Legal Implications – Monitoring Officer**

22. The procurement is legally compliant with the Public Contracts Regulations 2015.
23. The best value supplier may be awarded the Framework Agreement.
24. Section 111 of the Local Government Act 1972 allows the Council to award a contract for a business removal service.

#### **Equalities and Diversity**

25. Tender submissions were assessed for adherence to the Council's Equality and Diversity policy with specific questions requiring response on how staff will uphold and promote the aims of the policy in day-to-day work and how the suppliers will ensure staff comply with their policies and monitor this. From mobilisation and onwards Property Services will monitor the supplier's adherence to the above and take appropriate action to address any concerns with the supplier. The preferred supplier will be required to comply with all relevant legislation.

#### **Other Implications**

26. The potential implications for the following Council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

Area assessed:	Direct Implications:
Corporate Parenting/Looked After Children	No significant implications arising from this report.
Safeguarding responsibilities for vulnerable children and adults	No significant implications arising from this report.
Public Health	No significant implications arising

	from this report.
Climate change	Supplier will be expected to ensure unwanted furniture is recycled, reused or refurbished wherever possible and in line with the Council's policy on recycling
Carbon emissions	Supplier will be expected to meet the Council's standards for any vehicle emissions and use energy efficient equipment.

#### **WHAT HAPPENS NEXT:**

27. The timetable for implementation is as follows:

<b>Action</b>	<b>Date</b>
Cabinet decision to award	14 July 2016
Cabinet call in period	18 July to 22 July 2016
'Alcatel' Standstill Period	25 July to 4 August 2016
Framework Agreement and Contract Signature	August 2016
Framework Agreement and Contract Commencement Date	1 October 2016

28. The Council has an obligation to allow unsuccessful suppliers the opportunity to challenge the proposed framework and contract award. This period is referred to as the 'Alcatel' standstill period.

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#### **Contact Officer:**

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#### **Consulted:**

None applicable for external

#### **Annexes:**

None - Part 2 report with financial details attached to agenda as item 16.

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