

CABINET PROCUREMENT & INSOURCING COMMITTEE**CONTRACT AWARD REPORT**

Title of Report	Front Entrance Door Replacement Programme - Contract Award
Key Decision No.	CHE S157
CPIC Meeting Date	16 January 2023
Classification	Open with exempt appendix A and B
Ward(s) Affected	All Wards
Cabinet Member	Cllr McKenzie - Lead Member for Housing
Key Decision	Yes Significant in terms of its effects on communities living or working in an area comprising two or more wards and involves significant spending
Group Director	Rickardo Hyatt - Group Director, Climate, Homes and Economy
Contract value, <u>both</u> Inclusive of VAT and Exclusive of VAT (for the duration of the contract including extensions)	£30m including VAT at the standard rate
Contract duration (including extensions e.g. 2 yrs + 1 yr + 1 yr)	1 yr + 1 yr

1. Cabinet Member's Introduction

- 1.1 The Council is committed to ensuring Hackney is a fair, safe and sustainable place to live, and for our homes fire safety and safety from crime are key priorities. We are committed to ensuring residents are safe and feel safe in their homes. A home's Front Entrance Door (FED) is an essential part of this; it must protect the home and those in it, but it also is the first impression of someone's home from the outside and it is important that it looks smart.
- 1.2 This Front Entrance Door programme provides doors which are fire safe, meet the Secure by Design principles, are thermally efficient and meet the highest design and specification standards.

2. Group Director's Introduction

- 2.1. This report summarises the reasons for awarding a contract to cover the installation of Front Entrance Doors to the current building regulations standards in buildings of six stories and higher. The contract will be with two contractors for an initial term of one year with the option to extend by a further year.
- 2.2. About one third of Hackney Council's homes are in buildings six stories or higher, and fire safety is a top priority for the borough. This proposed programme is a very extensive programme of work, and represents a further significant investment in the safety of our homes.
- 2.3. These doors have been specified to achieve very high standards of fire safety, while also meeting Secure by Design standards and thermal efficiency requirements. While the choice of doors meeting such standards is limited, a range of design options is available.
- 2.4. This contract award report is presented following a tender exercise using a suitable external framework, established by the South East Consortium. It attracted a good response from the market and we are confident that it will lead to a successful contract.

3. Recommendations

Cabinet Procurement and Insourcing Committee is recommended to :

- 3.1 **Approve the award of contracts for Front Entrance Door Replacement Works to Bidder 3 and Bidder 4 in Appendix A (Exempt) via the South East Consortium framework, for an initial one (1) year term and an option to extend a further one (1) year, for a maximum combined spend of £30m and the replacement of all required doors in properties within blocks six stories or higher (up to 9,000 doors), where the work is not rechargeable to leaseholders.**

4. Related Decisions

- 4.1. October 2018: Approval by Cabinet on the decision not to recharge all leaseholders for a replacement Front Entrance Door.

<https://hackney.moderngov.co.uk/documents/g4327/Public%20reports%20pack%20Monday%2029-Oct-2018%2017.30%20Cabinet.pdf?T=10>

- 4.2. March 2019: Approval of the Housing Asset Management Strategy 2019-2027, by Cabinet on 25 March 2019. This provides an overarching framework for investment decision-making across the Council's homes and estates. It sets out the ambitions that Hackney has for the quality of its homes and the priorities that will be established to ensure that the limited available resources are directed at the greatest need.

<http://mginternet.hackney.gov.uk/ieListDocuments.aspx?CId=111&MID=4332#A132478>

- 4.3. 6th July 2020: Approval of the Business Case (Ref: NH Q86) for Construction Contracts for Capital Works to Hackney Council Housing, by Cabinet Procurement Committee on 6 July 2020. This provides the approach to be adopted to procure a series of works including those covered by Front Entrance Door Replacement contract.

https://docs.google.com/document/d/1QI6_yU4QQ75OG3joTuHo430Wx_Lx8IzRxE4w18yGBUA/edit

5. Reason(s) For Decision / Options Appraisal

- 5.1.1 The proposed Front Entrance Door Replacement contract is required to ensure that Hackney Council can ensure its tall blocks meet the most recent standards in fire safety and fulfil its commitment to ensure its blocks meet high standards of fire safety. The contract covers all blocks which are six stories or higher, being generally the highest risk blocks from a fire safety perspective. There are approximately 10,000 properties in such blocks, though not all will require replacement. This contract makes provision to replace all doors as a maximum limit, but the best estimate is that about 6,000 doors are likely to require replacement

- 5.1.2 The contract covers works to tenanted homes and leasehold homes where no statutory Section 20 consultation is required. This may arise due to the leaseholder having responsibility for the door. It may also arise as the council has made commitments not to recharge leaseholders in certain circumstances. This decision was made at Cabinet in October 2018 (refer to 4.1 Related Decision).

- 5.1.3 The Cabinet approved, in October 2018, the fire door replacement programme (FED) which included the decision to waive leasehold recharge in certain circumstances. For properties where leaseholders are expected to contribute to the cost of the replacement via a Section 20 notice, the instruction to replace the door will be issued via an appropriate contract which permits such consultation. While this will mean that a minority of the FEDs in a block will be replaced by a different contractor, this will not give rise to any obvious visible difference between doors installed under Contract 1 or the external framework. This as the Council has a very specific door specification with a limited range of design options, which is necessary to ensure strict fire safety standards are achieved. Where leaseholders retain responsibility for their door in their lease (c.50% of leaseholders) they are able to choose their own door, and therefore visual unity in a block cannot be achieved. Almost all the blocks requiring a new front entrance door have enclosed internal areas (as this gives rise to the need for one), therefore they have limited visual impact on the building.
- 5.1.4 Leaseholders in blocks 10 stories and higher, who were to be recharged, have already been included in a replacement programme. There were 143. Those in blocks 6-9 stories who are to be recharged will be included in works under a proposed new main framework, which will have undergone the relevant consultation process.

5.2 **Alternative Options (Considered and Rejected)**

The full details of the alternative options considered is set out in the Business Case report (Ref: NH Q86) which was approved by CPC in July 2020. The summary is:

5.2.1 **Option 1 - Hold procurement of these works until new contracts are in place (rejected)**

Contract 1 ended on 31 August 2021. The procurement of the new framework contracts has been delayed by the Covid-19 lockdown, both due to internal operational limitations, and the need to ensure the market is suitable to procure long term contracts. It is estimated that the tender exercise will start in spring 2023, however, it will be spring 2024 before a contract is signed as the tender process, leasehold consultation and internal governance approvals take about a year for a contract of this scale.

As a result the council decided in July 2020 to procure the FEDs via an interim contract so that this work could proceed before the planned main framework is in place.

5.2.2 **Option 2 – Procure a Stand Alone Contract (rejected)**

This option involves carrying out an independent procurement process to let the works. In general this option requires more resources than the

proposed option to use an external framework, and this was rejected as it presented a risk of diverting resources from the main procurement work for the new long term contracts and causing further delays.

5.2.3 Option 3- Insourcing the work (rejected)

The option of in-sourcing the planned works was examined, however, the scale of the work, both in value and in type, and the timescales involved, means that it was neither desirable nor possible to restructure the DLO in time to carry out this work.

6. Project Progress

6.1. **Developments since the Business Case approval.**

6.1.1 It was decided that two contractors would be selected to maximise the delivery volumes, and also allow for continuity of works should one contractor fail to perform. As a default the top selected contractor should get $\frac{2}{3}$ of the work, and the second selected contractor should get $\frac{1}{3}$. This is subject to performance.

6.1.2 The contract mechanism will be a 'Project Partnering Contract' which will be issued as an initial 1 year contract, with a potential to extend for a second year. Works will be instructed via Sectional Commencement Agreements (SCAs) which is the standard mechanism for these contracts. Each SCA will be an instruction to complete c.800 doors for the top contractor, and c.400 doors for the second contractor. Subsequent SCAs will be issued subject to performance, to a programme which would enable a rolling contract. Note that due to the lead in times required to measure and order the doors, this requires that the contractor has two no. live SCAs at any one time. Therefore each contractor will be issued with a minimum of 2no. SCAs, and the third and subsequent SCAs will be conditional on performance.

6.1.3 A review was done to understand if the design choices can be expanded relative to previous programmes of this work. However, this has not been the case. There are still very strict controls on testing, and every different design has to have a bespoke test which is expensive to carry out. Consequently the design choices are as the same as before which are set out in the resident information leaflet enclosed as appendix D. In summary residents can choose to have a blank door, a door with a glazed section or a panel effect door. Residents with side and top lights have some choices on whether these are solid or glazed panels. All residents will have a choice of four colours for the door. While these options are much more limited than in the case of front doors which do not have to meet the FD30S standard, the team carrying out installations to date have not had complaints from residents about the limited choice.

- 6.1.4 In the FED installations to date, all doors have been to blocks where the communal areas are internal. In this proposed set of blocks some have external communal areas, for example where the individual flats are reached by a balcony deck running the length of the building. For these cases, a slightly revised specification has been developed which has enhanced weathering details as it is more exposed. In particular these are to the base of the door to protect against water ingress under the door, and to suit the step threshold which is present at these doors.
- 6.1.5 Otherwise the door proposed is the high specification solid timber door that Hackney have installed since 2019. This meets the new higher standards for fire safety, the Secure by Design standards, and thermal insulation standards. The fire safety standards mean all doors are fitted with closers and smoke seals. All ironmongery is in metal. The doors are factory finished paint, and do not have a final laminate or foil layer. For these reasons, the unit cost is higher than many front doors on the market, and especially than composite doors.
- 6.1.6 The doors will carry a 30 year guarantee on the frame, 10 years on ironmongery and the door, and 6 or 8 years for the painted finish depending if it's internal or external. Note that damage incurred in use is not covered by the guarantee. Any repairs required which are covered by the guarantee will be attended to by the manufacturer.

6.2. **Whole Life Costing/Budgets**

- 6.2.1 Funding is available for this proposed work. The maximum estimated value of the contract is £30 million per year. The contract term is an initial year with a potential further one year extension. The amount of work actually undertaken will depend on delivery rates for the replacement doors. Any doors not completed within the contract term will be referred to be completed under a new main framework contract.
- 6.2.2 While budget provision is made for the replacement of all doors, detailed review of the fire safety arrangements and existing doors may reveal that some blocks do not require replacement doors. These will be omitted.

6.3. **Savings**

There are no cashable savings arising from this contract.

7. **Sustainability Issues and Opportunities, Social Value Benefits**

As part of the qualitative questions, bidders were asked:

- a question on sustainability and social value.
- a question on resident engagement.
- To complete an Employment, Training and Skills plan.

They were also asked to commit to paying the London Living Wage. The full results for every bidder are set out in the Exempt Appendix A attached.

7.1. **Procuring Green**

7.1.1 Bidder 3 will:

- Develop and complete an Environmental Aspects and Impacts Register during mobilisation which is to enable management and mitigation measures to be put in place.
- Most company cars are electric and trialling electric vans.
- Draft a Hackney specific green travel plan to encourage staff to use public transport.
- Use bulk ordering to reduce frequency of material deliveries.
- Employ careful storage of materials to prevent damage and therefore waste.
- Manufacturer uses timber off cuts to generate heat in their workshop.
- Establish a waste management plan to maximise recycling.
- 'Green Doctor' trained RLOs will share energy saving advice with residents.

7.1.2 Bidder 4 will:

- Operate company to ISO 14001, Achilles ISO 14065 and will be carbon neutral by next year.
- Use of local waste management and materials suppliers minimises travel impacts.
- Manufacturer only uses certified timber, and works to design out waste; using off cuts to heat facility.
- Employ careful storage to minimise damage, and waste.
- Can assist in providing additional survey information at time of door survey to help gather information on energy efficiency.

7.2. **Procuring for a Better Society**

7.2.1 The successful bidders have committed to paying staff a minimum of the London Living wage and this will form a contract term.

7.2.2 In addition, Bidder 3 will:

- Support under-represented groups into employment. The company cites their experience and notes they are signatories of the Care Leavers Covenant, Armed Forces Covenant, Employers Domestic Abuse Covenant, the Race at Work Charter and are a Disability Confident Employer; mechanisms which support this work.
- Promote any vacancies locally and via Hackney Works to assist employing apprentices and local staff.

7.2.2 Bidder 4 will:

- Make maximum use of local suppliers and staff.
- Support underrepresented groups into employment through a variety of work placements and training opportunities (see also 7.5.2)

7.3. **Procuring Fair Delivery**

- 7.3.1 The successful bidders have demonstrated during the ITT evaluation how they would support Hackney's diverse communities and backgrounds and ensure how their delivery of this contract will give consideration to the needs of Hackney's various community groups, vulnerable residents and people whose first language is not English, as well as their engagement and communication processes.
- 7.3.2 They have confirmed how they would induct and monitor their supply chain (where applicable) and demonstrate their commitment to adhere to the criteria set out under the Prompt Payment code.
- 7.3.3 The contract documents will include details on their commitment to resident engagement and customer care as well as their approach and method used to ensure their contract delivery will be tailored to Hackney's expectations through workshops designed to build solid working relationships with the client in partnership and where relevant, encourage the participation and input from resident representatives.

7.4 **Equality Impact Assessment and Equality Issues:**

7.4.1 Bidder 3 will:

- Appoint staff to work with council staff and resident representatives during mobilisation to co-create a Communication Plan that captures the Residents' Voice.
- Translation of documents into any language via Languageline, and if necessary, engage with English-speaking family members/friends/neighbours to provide translation.
- Helping Hands Standard in place for elderly/ill-health residents with communication challenges.
- Password system for vulnerable residents
- Continuation of Covid 19 rules for shielding residents on request.
- Offer viewing of sample door to help residents select their design choices.

7.4.2 Bidder 4 will:

- Provide sample boards, sample doors to enable residents to select their design choices and arrange day to meet the manufacturer for any technical questions.
- Identify additional resident needs early in programme to inform additional communication needs.

7.5 **Social Value benefits**

7.5.1 Bidder 3 will:

- 'Green Doctor' trained RLOs will share energy saving advice with residents.
- Provide 2no. Apprentices per 800door SCA.

- Provide 100 training opportunity places per £1m spend.
- Provide 2no. Paid work placements per 800door SCA.
- Deliver their 'Kickstart Your Career' programme; typically delivered over two weeks and provides a range of pre-employment training and hands-on practical work experience to a cohort of between 6-10 candidates.
- Produce a regular Social Value report during the contract term.

7.5.2 Bidder 4 will:

- Appoint a social value manager to work with Hackney in mobilisation to develop a detailed social value action plan.
- Appoint a Green Assessor RLO to provide advice to residents to reduce their energy use and alleviate the rising cost of energy bills.
- Offer 2 placements to under-represented groups via an existing partnership with the Construction Youth Trust.
- Offer 1 apprentice placement per £1m contract turnover working together with Hackney Apprenticeship Network.
- Offer 2no. 3 month paid work placements per £1m contract turnover
- Offer 2no. QS trainee placements
- Offer 2no. 2 week training placements for those not in employment, education or training

8. Tender Evaluation

8.1 Expression of Interest

8.1.1 The works were mini-tendered via the South East Consortium framework covering Fire Safety Works - Passive Fire Protection. In accordance with the framework procedures all eight contractors on the framework were invited to express interest in tendering for the works. All eight responded to express interest.

8.2 Invitation to Tender

8.2.1 The eight (8) interested contractors were issued the tender pack on 9 August 2022. The tender return deadline was 13 September 2022.

8.2.2 Six (6) of the contractors returned a tender. The two who had expressed interest but did not return a tender cited workload / resource limitations as the reason. South East Consortium (SEC) carried out the compliance checks of the six (6) tenders submitted by the bidders.

8.2.3 The tender was evaluated in accordance with (MAT) Most Advantageous Tender, with the apportionment set as 60% cost, 40% quality.

8.2.4 The quality submissions were evaluated by the following 4 LBH officers and a specialist external consultant.

- Head of Property and Asset Management
- Contract Delivery Manager - Property and Asset Management
- Snr Project Manager - Property and Asset Management
- Health & Safety & Risk Manager - Resident Safety
- Specialist external consultant

8.2.5 The pricing submissions were evaluated separately from the quality evaluation. Price was evaluated after the quality had been evaluated and moderated so that the team who evaluated the quality submission could not be aware of the prices submitted. Submitted prices were evaluated and checked by an external quantity surveying firm. Details are available in Appendix B.

8.2.6 The final scores are as set out below:

BASIC QUALITY - (Without Social Value) RANKED - OF 37%		
1	Bidder 3	32.80
2	Bidder 6	23.50
3	Bidder 4	23.40
3	Bidder 1	23.40
5	Bidder 5	20.80
6	Bidder 2	18.50
SOCIAL VALUE SCORES - RANKED - OF 3%		
1	Bidder 3	2.70
2	Bidder 2	2.40
2	Bidder 6	2.40
4	Bidder 1	2.10
4	Bidder 4	2.10
4	Bidder 5	2.10
TOTAL - Quality with Social Values - RANKED - OF 40%		
1	Bidder 3	35.50
2	Bidder 6	25.90
3	Bidder 1	25.50

3	Bidder 4	25.50
5	Bidder 5	22.90
6	Bidder 2	20.90
ITT PRICE - Ranked Scored - OF 60%		
1	Bidder 4	60.00
2	Bidder 2	58.08
3	Bidder 6	54.03
4	Bidder 3	51.88
5	Bidder 5	51.06
6	Bidder 1	50.47
WINNER - FRONT ENTRANCE DOOR REPLACEMENT		
1	Bidder 3	87.38
2	Bidder 4	85.50
3	Bidder 6	79.93
4	Bidder 2	78.98
5	Bidder 1	75.97
6	Bidder 5	73.96

9. Contract Management Arrangements

9.1. Resources and Project Management (Roles and Responsibilities):

9.1.1 The Front Entrance Door Contract will be managed by a Contract Delivery Manager along with their technical team including a Project Manager, Building Clerk of Works and Customer Relationship Officers. The Contract Delivery Manager is the overall project manager for the PPC contract and is the point of escalation should a matter arise that is unable to be resolved at the monthly operational meetings. Such matters are escalated to the Monthly or Strategic Core Meeting.

9.1.2 Robust client briefing documents, specifications and schedules of rates will be used to minimise client variation and also by using the technical skills, knowledge and expertise of the officers managing these works to ensure a good standard of contract management is applied at all times.

9.1.3 Performance is monitored via quarterly Strategic Core Group Meetings. As well as providing a forum for discussion of strategic contract issues, the contract Key Performance Indicators (KPI) will be reported. The results will be collected in accordance with the Contract's KPI document. An annual review of the KPI results will be used to decide whether an extension term, in the form of an extra year, will be granted to the appointed Provider.

9.1.4 Performance against commitments to social value will also be monitored at the quarterly Strategic Core Group Meetings throughout the contract term.

9.2. **Key Performance Indicators**

9.2.1 The KPIs are as follows:

- KPI 1 Installs Per Week
- KPI 2 Customer Satisfaction – Overall
- KPI 3 Appointments Kept
- KPI 4 Client Handover Pass Rate
- KPI 5 Safety - Client H&S Inspections

Appendix C sets out further detail.

9.2.2 All KPIs are monitored quarterly at the Strategic Core Group meeting. As far as possible, the data and analysis is produced by Hackney Council officers. This is an enhancement on previous contract arrangements; for example contractors were previously tasked with gathering resident satisfaction information. This will now be done by Hackney Council.

9.2.3 Each KPI can be Green, Amber or Red depending on performance relative to the target. The contract defines an overall performance requirement which is necessary to be awarded an extension to the term. This mechanism is designed to incentivise ongoing high performance throughout the term.

10. **Comments of the Group Director of Finance and Corporate Resources**

10.1. This report recommends approval to the award contracts for replacement Front Entrance Doors via the South East Consortium Framework for a maximum spend of £30m over two years. The procurement will enable the replacement of all doors in properties within blocks six stories and higher to ensure all Front Entrance Doors are upgraded to the latest fire safety regulations.

10.2. There is budget provision with the Housing Asset Management Plan capital programme to fund this procurement.

11. VAT Implications on Land & Property Transactions

Not Applicable

12. Comments of the Director, Legal, Democratic and Electoral Services

12.1 The works in this Report were assessed as High Risk by the Council. On 6th July 2020 Cabinet Procurement Committee agreed a Business Case in respect of the procurement strategy for Capital works to Hackney Council Housing. The works contracts proposed for award in this Report were part of such Business Case and therefore this Contract Award Report is being presented to Cabinet Procurement and Insourcing Committee for approval in accordance with paragraph 2.7.10 of Contract Standing Orders.

12.2 Details of the procurement process undertaken by the Council are set out in this Report.

13. Comments Of The Procurement Category Lead

13.1 The tender exercise was carried out in accordance with Public Contracts Regulations 2015 and Public Procurement (Amendments) Regulations 2020. Prior to this exercise a RAT, PRIMAS and business case were approved. The Business Case recommended a framework call-off exercise conducted using South East Consortium (SEC) framework (SEC 10711 Replacement Fire Door Programme for LB Hackney). In tendering, Social Value was assured and KPI's measures incorporated. All in-tender and evaluation clarification questions have been closed out prior to tender evaluation and moderation. The tender exercise has been transparent, fair, equal and non discriminatory.

13.2 This exercise was conducted with the SEC, using their e-tender facilities and also adopting their internal reporting process which has been aligned to Hackney's processes. All eight suppliers on the framework lot expressed an interest in the contract and six suppliers submitted tenders. The top two ranked bids from a 60% / 40% Price and Quality weighting split are recommended for contract award. An SEC Tender Report will be signed-off as soon as approval to award this contract is attained.

13.3 It is the considered opinion of the procurement team that this exercise followed a compliant process and has resulted in the Most Economically Advantageous Tender recommendation and is assessed as meeting all necessary requirements to deliver these works satisfactorily.

APPENDICES

Appendix A - Contract Award Report (Exempt)

Appendix B - Price Evaluation (Exempt)

Appendix C – Detailed KPIs

Appendix D - Resident Information Leaflet including Design Choices

EXEMPT

By Virtue of Paragraph(s) 3 Part 1 of schedule 12A of the Local Government Act 1972 this report and/or appendix is exempt because it contains Information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

CONFIDENTIAL

Appendices A and B are confidential as they contain commercially sensitive information.

BACKGROUND PAPERS

None

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**Comments of Procurement
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