



Haringey Council

Agenda item:

[No.]

Cabinet Procurement Committee

On 22<sup>nd</sup> December 2009

Report Title. **Framework Agreement for Asbestos Removal**

Report of **Director of Corporate Resources**

Signed: *J. Powell 14/12/09*

Contact Officer : Jey Jeyakumar, 020 8489 1070

Wards(s) affected: **All**

Report for: **Key Decision**

**1. Purpose of the report (That is, the decision required)**

- 1.1. To seek Cabinet Procurement Committee approval to award framework agreements for the provision of asbestos removal services for buildings owned or managed by the Council and Homes for Haringey; and other instances where the Council may have a public duty.

**2. Introduction by Cabinet Member (if necessary)**

- 2.1. I note the recommendations set out in this report.

**3. State link(s) with Council Plan Priorities and actions and /or other Strategies:**

- 3.1. The opportunity to procure long term agreements for asbestos removal services was identified through the Council's Category Management strategy.
- 3.2. The framework agreement complies with the Homes for Haringey and Haringey Council Corporate Asbestos Policies. These documents are included as

appendices to the contract document for this framework agreement.

#### **4. Recommendations**

- 4.1. In accordance with CSO 11.03 that framework agreements for the removal of asbestos and asbestos containing materials be awarded to those companies listed in Appendix 1
- 4.2. That the framework agreement be awarded for a period of 2 years with an option to extend for a further 2 years and with an estimated total value of £400,000 per year.

#### **5. Reason for recommendation(s)**

- 5.1. The Council currently procures construction project-related asbestos removal services through use of a pre-qualified list of contractors that is managed by the Construction Procurement Group (CPG). The Council's Category Management strategy has identified asbestos removal as an area of spend where benefits can be achieved through the procurement of a long term procurement arrangement.
- 5.2. The framework agreement will provide a mechanism for the procurement of asbestos removal companies for individual projects. A work study of asbestos removal work carried out by the Council indicates that the majority of work falls under £3,000. Therefore, work under £3,000 will normally be let on a call-off basis by way of the issuing of a works order. Selection will be on the basis of the most economically advantageous tender (MEAT) based on the results of the procurement process for the framework agreement and performance measured through key performance indicators (KPI). Any work over £3,000 will normally be let via mini-competition in accordance with the criteria set out in the tender documents which has been agreed with Legal Services.
- 5.3. The use of a framework agreement will provide a robust contract management process, with key performance indicators used to monitor contractor performance in order to maintain a quality service for the Council and to inform the decision making process taken in selecting companies through the call-off process (see 5.2 above).
- 5.4. The framework agreement will be available to all Council directorates and Homes for Haringey.

#### **6. Other options considered**

- 6.1. The Construction Procurement Group examined the option of using other public sector arrangements for the provision of asbestos removal. No such arrangements were discovered within the public sector that catered for asbestos removal services and which Haringey could legitimately access.

## **7. Summary**

- 7.1. The procurement followed an EU tender process. A contract notice was published on 20<sup>th</sup> February 2009 via the Official Journal of the European Union (OJEU).
- 7.2. Pre-qualification Questionnaires (PQQ) were received from 35 companies. The pre-qualification questionnaires were assessed by officers from CPG, the Children & Young People's Service and Homes for Haringey.
- 7.3. The 8 companies with the highest scores following evaluation of pre-qualification questionnaires were invited to tender for the framework agreement on 02/10/09. Valid tenders were received from 6 companies. Two tenders were returned incomplete.
- 7.4. Tenders were assessed on a 60% Quality: 40% Price basis.
- 7.5. Quality evaluation was based upon tenderers' responses to questions relating to their proposed delivery of the framework agreement (see Appendix 1, 1.5 for questions). The content of the questions related to both business delivery and specialised asbestos removal expertise. The potential marks available for each question were specified in the tender documents. The quality responses were evaluated by officers representing the Children & Young People's Service and Homes for Haringey and then verified by a suitably qualified and experienced external consultant.
- 7.6. Price was evaluated using a schedule of rates submitted by each tenderer. The schedule of rates consisted of items of work that would be applicable to the asbestos removal work covered by the framework agreement. The submitted rates were multiplied by calculation factors listed in the tender documents to obtain a unit price upon which tenders were evaluated. The calculation factors were specific to each item and were based on work carried out on past projects.
- 7.7. The 3 companies with the highest overall scores following the tender evaluation are being recommended to be appointed under this framework agreement.

## **8. Chief Financial Officer Comments**

- 8.1. As set out in this report, moving from providing this service via a pre-qualified list of contractors to a framework agreement should provide a better quality of service and a more competitive price for this work.
- 8.2. As stated in paragraph 13.1 the costs of any commissioned work will be met by the directorate undertaking the capital works, the costs of which should have been built into scheme budgets.

## **9. Head of Legal Services Comments**

- 9.1 The EU Directive on public procurement (the Consolidated Directive), as implemented in the UK by the Public Contracts Regulations 2006, allows local authorities to enter into framework agreements with service providers, and to select service providers in respect of specific projects from amongst those providers with which it has concluded framework agreements.
- 9.2 The framework agreement to which this report relates has been tendered in the EU in accordance with the Public Contracts Regulations 2006, using the restricted procedure, a tendering procedure whereby expressions of interest are invited by advertisement in the Official Journal of the EU, with a selection of the contractors who have expressed an interest being invited to submit tenders.
- 9.3 This report is recommending award of the framework agreement to the companies named in Appendix 1. These companies have been selected based on the most economically advantageous tenders submitted, in accordance with Regulation 30 of the Public Contracts Regulations.
- 9.4 As the total estimated value of the contracts to be awarded under the framework agreement is likely to exceed £250,000, the proposed award may only be approved by Members pursuant to CSO 11.03.
- 9.5 As this is a key decision the Client has confirmed this has been included in the Forward Plan.
- 9.6 Providing there are no issues arising from the S.20 leaseholder consultation process the Head of Legal Services sees no legal reasons preventing Members from approving the recommendations in paragraph 4 of the report.

## **10. Head of Procurement Comments**

- 10.1. This framework agreement comprising three contractors; is the outcome of a robust competitive process using the EC OJEU restricted procurement procedure.
- 10.2. Thirty five contractors that took part in the process have been gradually reduced in numbers and the three highest scoring contractors are now being recommended to Members for approval.
- 10.3. Asbestos is a highly dangerous substance and provision is made within the framework agreement that enable the Council to rapidly exercise its public duties when necessary, in this regard.
- 10.4. The Head of Procurement supports the recommendation to Cabinet

Procurement Committee to award the Framework Agreement on the basis set-out in this report.

## **11. Equalities & Community Cohesion Comments**

11.1. All pre-qualification questionnaires were evaluated in terms of equality and diversity. The companies to be appointed under this framework agreement have demonstrated a commitment to equalities and diversity.

11.2. The framework agreement will benefit all wards within the borough.

## **12. Consultation**

12.1. The procurement process for the framework agreement has been undertaken in consultation with the Children & Young People's Service, Homes for Haringey and Corporate Legal Services.

12.2. The decision has been taken to enter into a Section 20 Leaseholder consultation process. The Council is obliged to consult leaseholders in accordance with the Landlord and Tenant Act 1985 and the Service Charges (Consultation Requirements) (England) Regulations 2003 ('the Regulations'). The Regulations require the Council to send two notices to leaseholders before the services are provided. In order to ensure compliance with the Regulations the Council must make an application to the Leasehold Valuation Tribunal (LVT) for a dispensation from some of the requirements of the Regulations, specifically the requirement to provide information on the value of work covered by the framework agreement in the second notice. This information will not be available due to the unpredictable nature of the work to be carried out by the framework agreement.

12.3. The Framework Agreement will not provide asbestos removal services for projects in which Section 20 leaseholder consultation may be required, until the statutory consultation is complete.

## **13. Service Financial Comments**

13.1. The costs involved in the use of the framework agreement for future asbestos removal work will come from the capital budget for the directorate for which work is being carried out.

13.2. The prices submitted by the successful tenderers have been assessed and are competitive against the current market. The option for the use of mini-competition for the award of asbestos removal work is also available for projects covered by this framework agreement. This will provide further competition in terms of price.

## **14. Use of appendices /Tables and photographs**

14.1. Appendix 1 of this report contains information exempt from public viewing. The information contained relates to the evaluation process for this procurement.

#### **15. Local Government (Access to Information) Act 1985**

15.1. Appendix 1 of this report contains exempt information and is **not for publication**. The exempt information is under the following category (identified in the amended Schedule 12A of the Local Government Act 1972):

- *Information relating to the financial or business affairs of any particular person (including the authority holding that information) (Ground 3).*