

Agenda item:

[No.]

Cabinet Procurement Committee

On 22nd July 2010

Report Title. **AWARD OF FRAMEWORK AGREEMENTS FOR THE SUPPLY AND INSTALLATION OF FURNITURE ITEMS TO COUNCIL MANAGED TEMPORARY ACCOMMODATION**

Report of Zulfiqar Mulak- Head of Housing Needs & Lettings

Report Authorised by: Phil Harris, Assistant Director, Strategic Housing Services

Signed :

Contact Officer: Jackie Dyer –Head of Temporary Accommodation

Executive Member and Lead Officer: Cabinet Member for Housing Services with the Director of Urban Environment

Wards(s) affected: ALL

Report for: **Key**

1. Purpose of the report

To report upon the procurement exercise in relation to a framework agreement to provide furniture to properties in the Councils Temporary Accommodation Portfolio and recommend to the Committee the award of framework agreements to 3 contractors who have been successful following a EU competitive tendering exercise.

2. Introduction by Cabinet Member (if necessary)

2.1 This report recommends the award of a framework agreement to three contractors for the provision of good quality furniture to residents in temporary accommodation in compliance with furniture regulations. This framework agreement will ensure that the Council will secure better value for money, as well as ensuring that the furniture provided, meets the statutory health and safety regulations. This framework will

improve the living conditions of residents in temporary accommodation which remains a high priority for the Council.

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

1 The award of the Framework Agreement will support the delivery of Haringey's multi agency Homelessness Strategy 2008-11 in which the Council and its partners give a commitment to "improve the quality and suitability of temporary accommodation".

3.2 It will also support the Council's objective of improving housing conditions in the borough and it will help meet the following priorities in the Council Plan:

- **Priority 3** – "Encouraging lifetime well-being, at home, work, play and learning"

By providing good quality furniture, well in temporary accommodation, the Council will provide families and vulnerable households with the stability they need, making it easier for them to maintain their links with schools, healthcare professionals and support networks and live in decent accommodation.

- **Priority 5** – "Delivering excellent, customer focused, cost effective services".

By moving to a framework agreement for the provision of furniture in temporary accommodation the Council will not only reduce costs but also be in a better position to manage the contractual arrangements more rigorously. By improving standards, it will also improve the customer experience of households living in temporary accommodation.

4. Recommendations

4.1 That Members approve the award of a framework agreement for the provision of furniture in respect of Temporary Accommodation to the contractors A,B and E identified in Appendix A

5. Reason for recommendation(s)

- 5.1 The proposed new framework agreement have been tendered in accordance with EU regulations, Contract Standing Orders and the Procurement Code of Practise. A comprehensive tender evaluation exercise has been completed, to identify the contractors whose tender submission is the most economically advantageous to the Council and which also offers high levels of customer care.
- 5.2 The proposed improved performance measurement approach envisaged in the framework agreement is designed to deliver continuous service improvement in the execution of the requirements for the provision of furniture to households in temporary accommodation.
- 5.3 The award of the framework agreement will ensure that the Council achieves better vale for money in the provision of furniture to households in temporary accommodation.
- 5.4 The current arrangements for the provision of furniture do not fall under any formal contractual arrangements and were cited in an internal audit report as a weakness. The award of this framework agreement will address this issue and regularise this provision under formal framework contractual terms.

6. Other options considered

- 6.1 The current arrangements to purchase, and to provide a responsive maintenance service for, furniture items needs to be regularised in the form of a formal agreement.
- 6.2 By appointing 3 suppliers under formal framework agreements this will allow the Temporary Accommodation Team to call on any one of the three furniture specialists for their service.
- 6.3 If arrangements were to remain as they are Strategic Community Housing Service would increase the risk of the Council not achieving best value in the procurement and maintenance of furniture items.
- 6.4 Consideration could be given to outsourcing the purchase ordering function alone but this would not be feasible as the properties are both let and managed by the Council.
- 6.5 The 7 day lead time for the delivery and installation of white goods required by Argos Supplies does not meet with the services requirements. Orders are placed in an adhoc way and require an immediate service response.

7. Summary

7.1. The procurement process and results set out in this report represent the basis for a framework agreement which will provide the essential services outlined in above and allow the Council to meet its obligations.

7.2. The current provision of furniture is carried out by on an ad hoc basis predominately through two suppliers. The framework agreement will enable access to three contractors and ensure that the Council not only obtains better value for money but also provides a better service to residents in temporary accommodation

7.3. The value of the proposed new agreement exceeds the threshold contained within the European Procurement Rules for supplies. Therefore an advertisement giving notice of the Council's intention to go to tender was placed in the Official Journal of the European Union. Interested contractors were asked to submit a detailed questionnaire with their latest company accounts, relevant references and information regarding their health and safety record. A total of 8 expressions of interest were received with all 8 submitting the required completed application documents. The applications were analysed against the pre-qualification questionnaire. All 8 companies were invited to tender.

7.4. The new contract documents have been developed with a high focus on continuous improvement and tenderers were made very aware of the importance that the Council places on the performance of the contractor.

7.5. The recommended agreement will run for a period of 4 years.

8.0 Tender Structure

8.1 The Tender Documents included a detailed specification which set out what the Council required in terms of furniture provision and also set out the standards expected.

8.2 The stock contract profile structured in the following way.

	Housing Areas Served	Dwelling totals	Postcodes
<u>PSL</u>	All	1,600	Borough wide
<u>Hostels</u>	All	150	Borough wide
Total		1750	

8.3 In common with other similar procurements, the decision was taken for the tender evaluation to be based upon a weighted quality and price structure where the weightings would be assessed on a 60/40 ratio respectively. The 60% weighting for quality was then

supported by a set of evaluation criteria to which tenderers had to respond with their Quality Method Statement. Full details of the weightings were provided to tenderers.

8.4 Tenderers were also advised that a threshold would be applied for both quality and price affordability. The tender documents incorporated separate pricing documents for the range of items that will be required and tenders were required to price each item.

9.0 Tender Evaluation

Quality

9.1 The quality evaluation of tenderers' tenders was carried out against the detailed evaluation criteria and this produced scores which were totalled and weighted on the basis of a maximum of 60% for quality.

Price

9.2 Appendix 1, para. 3.2 sets out the total value for all items listed on the purchase pricing document for each of the 6 tenderers based on their tender submissions. A reasonable estimate of the annual spend based on last years spend is £130K.

Conclusion

9.3 The tenders submitted have been the subject of a detailed quality evaluation process together with a comprehensive validation process. The financial analysis was carried out by the strategic and housing service finance team. Based on the results of the final tender evaluation, it is recommended that the tenders submitted by the three Contractors listed in paragraph 3.4 of Appendix A be accepted.

10 Chief Financial Officer Comments

10.1 The costs associated with this contract award are in line with budgeted expenditure in 2010- 11. The exact costs will vary according to the volume of replacement of furniture but will be contained within agreed budgets already set aside.

11 Head of Legal Services Comments

11.1 The Council's Temporary Accommodation services wishes to establish a framework agreement with the three economic operators listed in Appendix A based on the results of the tender conducted.

11.4 As the estimated value of the provision under the framework agreement is £520,000, the award of the framework agreements is a key decision. Under Contract Standing Order 11.04, the framework agreement must be included in the the Council's Forward Plan. The Temporary Accommodation Team has confirmed that this requirement has been met.

11.5 The Cabinet Procurement Committee has power under Contract Standing Order 11.03 (award of contracts over £250,000) to approve the award of the framework agreement.

11.6 The Head of Legal Services confirms that there are no legal reasons preventing Members from approving the recommendation at paragraph 4.1 of the report.

11.7 Head of Procurement Comments. The procurement process has been carried out in line with the Procurement Code of Practice. The contract will be monitored on a quarterly basis to ensure that the suppliers are meeting the quality standards within the contract.

12 Equalities &Community Cohesion Comments

12.1 A high proportion of households living in temporary accommodation are vulnerable and from Black and Minority Ethnic (BME) communities.

12.2 For many households living in Temporary Accommodation, they are unable to plan their lives given the uncertainty and short term nature of this type of accommodation .In addition there is a high rate of pupil mobility which means that the duration and location of temporary accommodation has an impact on other council services such as education and social services. It is envisaged that with more long term arrangements in place under the framework agreement along with good quality accommodation and furniture this will support the well being and environment and standards of temporary accommodation.

12.3 The process of providing good quality furniture to residents in temporary accommodation benefits the entire community in terms of decent housing conditions protecting against accidents. The provision of gas safe cookers ensures that household's health and safety is protected. This benefits the elderly and very young especially and contributes to the reduction of fuel poverty across the Borough. A very high proportion of residents in temporary accommodation is from disadvantaged groups and will benefit from this contract.

13 Consultation

13.1 Consultation Process

The Temporary Accommodation user forums have been used extensively to establish the main resident concerns around the provision of furniture.

14 Service Financial Comments

14.1 The contractors listed in Appendix A have scored the highest for both quality and

price for the tendering of the provision of furniture in temporary accommodation.

14.2 The total value of the framework will be dependant of the actual volume of purchases raised. The cost will be funded form the existing repairs and maintenance budget.

15 Use of appendices /Tables and photographs

15.1 Appendix A – Exempt information not for publication.

16 Local Government (Access to Information) Act 1985

Local Government (Access to Information) Act 1985

16.1 The following papers were used in the preparation of this report:

- The contract and specifications written in order to produce the tender documents

16.2 This report contains exempt and non-exempt information. The exempt information is contained in Appendix A of this report and is not for publication. The exempt information is exempt under the following category (identified in the amended Schedule 12A of the Local Government Act 1972), s. (3):

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