

PT4 - Committee Procurement Report

This document is to be used to identify the Procurement Strategy and Purchasing Routes associated with a project and only considers the option recommended on the associated Gateway report.



Introduction

Author:	Georgia Lawrence		
Project Title:	Tenants Electrical Services Testing and Smoke Detector Installation – Phase 5.		
Summary of Goods or Services to be sourced To carry out compliancy testing of electrical installations within required tenanted dwellings and install mains fitted smoke alarms where required. These works cover various dwellings across various estates.			
Contract Duration:	26 weeks	Contract Value:	£360,000
Stakeholder information			
Project Lead & Contract Manager: Lochlan MacDonald	Category Manager: Georgia Lawrence	Lead Department: DCCS - Housing	
Other Contact	Department		
Lochlan MacDonald	DCCS - Housing		

Specification Overview

Summary of the Specification: Test electrical installations within identified tenanted dwellings across the City's housing stock and carry out necessary urgent/emergency (Code 1) repairs. Provide a test certificate showing compliance and detailing non emergency issues. Install mains fitted smoke alarms at properties where this is required Technical and Pricing evaluation ratio 60% (Technical) / 40% (Price)
Is the contract likely to require financial uplifts? (Please describe what method will be used to calculate the uplift and whether this will be capped). N/A
Project Objectives: <ul style="list-style-type: none">To test facilities for complianceTo ensure resident safety;To preserve capital value of City Assets.To ensure facilities are decent and up to standard.

Customer Requirements

Target completion date	March 2021	Target Contract award date	August 2020.
Are there any time constraints which need to be taken into consideration? Properties need to have valid certificates as soon as possible for the City to reach full compliance			
Efficiencies Target with supporting information			
Tested supplies across our estates will require fewer repairs than untested properties.			

City of London Initiatives

How will the Project meet the City of London's Obligation to
Adhere to the Corporation Social Responsibility: Yes
Take into account the London Living Wage (LLW): Yes

Consideration for Small to Medium Enterprises (SME): Yes
Are there TUPE/Pension liabilities that need to be considered?
Other: None

Procurement Strategy Options

Option 1: Traditional – Client Led Single Stage
Advantages to this Option: <ul style="list-style-type: none"> Completed design to share with the Tenderers. No additional design fees required. The Supplier is aware of their requirement from the outset
Disadvantages to this Option: <ul style="list-style-type: none"> Supplier may not have the capability to include design elements within their structure, if additional works require it.
Please highlight any possible risks associated with this option: Providing a design that can be delivered may require additional works or surveys which may not be available within the programme or the budget.

Procurement Strategy Recommendation

City Procurement team recommended option 1
For the required works, this is the only real available option. The Design is a very small amount overall, but there is a lot of repetition of work on a large scale

Procurement Route Options

Make v buy to be considered; also indicate any discarded or radical options

Option 1: Below OJEU RFQ Tender
Advantages to this Option: <ul style="list-style-type: none"> . Allows us to engage with the market as a whole. Allows the City to build the specification it requires and work to the timescales it requires. Allows us to engage with SME's as opposed to using a framework, which stereotypically have larger suppliers appointed to them.
Disadvantages to this Option: <ul style="list-style-type: none"> Will take longer to engage with the market. Tender may be seen as too much of a strain on resources for parties to participate.
Please highlight any possible risks associated with this option: <ul style="list-style-type: none"> No guarantee of the quality of responses returned.
Option 2: Appoint via a framework supplier
Advantages to this Option: <ul style="list-style-type: none"> Quicker engagement with the market. Pre-vetted suppliers on the framework.
Disadvantages to this Option: <ul style="list-style-type: none"> Less engagement with SME's Larger Suppliers will subcontract the work as opposed to having employees working directly on the project.
Please highlight any possible risks associated with this option: The quality of the service and works carried out could be lower than expected.

Procurement Route Recommendation

City Procurement team recommended option
<ul style="list-style-type: none"> Option 1: Below OJEU RFQ Tender – The City has a robust procurement code for projects below EU threshold. This ensures that we approach the market appropriately, engaging with the market. Ensure that the Most Economically Advantageous Tender is awarded, and the Corporation is confident Value for Money has been reached.

Price Mechanism

Option 1: Lump sum fixed price
Advantages to this Option: <ul style="list-style-type: none"> Once price paid for the delivery of the specification and schedule.

<ul style="list-style-type: none"> • A contractual arrangement where the fee is capped, and the supplier accepts the risk. • Gives a clear cost, which aids reporting and budget management.
Disadvantages to this Option: <ul style="list-style-type: none"> • The Supplier will be looking to make efficiencies in their supply chain where they can to maximise their profit. • Contract variations can be costly. • Their price may contain added on cost due to the risk. • Emergency repairs that may be required are not quantifiable under this method
Please highlight benefits and possible risks associated with this option relative to the specifics of the project: <ul style="list-style-type: none"> • Variations to the amount of locations and requirements, maybe amended and would cause issues when variant the contract.
Option 2: Fixed price - Schedule of Rates
Advantages to this Option: <ul style="list-style-type: none"> • This give a more granular overview on each element, identifying how much each install is for a sized property. • It allows easier calculations for variation if additional properties require work or unforeseen requests. • Variations require less administration to action. • Allows for necessary emergency works
Disadvantages to this Option: <ul style="list-style-type: none"> • Easier for the project team to become relied on the variations and add additional work to the contact.
Please highlight benefits and possible risks associated with this option relative to the specifics of the project: <ul style="list-style-type: none"> • Compliancy can set in for variation and the ease in which the contract can be amended.

Pricing Mechanism Recommendation

City Procurement team recommended option
Option 2: Fixed price - schedule of rates/bill of quantities – The specification is set and the proposed works have been agreed for each property, this should not change and give us the opportunity to have a clear breakdown on spend per property and takes account of any emergency repairs required

Form of Contract

Option 1: CoL Standard amendments to JCT
Advantages to this Option: <ul style="list-style-type: none"> • Commonly used form of contract with suppliers • Claims are dealt with retrospectively.
Disadvantages to this Option: <ul style="list-style-type: none"> • SME's may not have experience dealing with these terms. • Does not support collaborative working.
Please highlight benefits and possible risks associated with this option relative to the specifics of the project : <ul style="list-style-type: none"> • There is a lack of understanding of the terms that will cause delay and increased resources to solve issues.
Option 2: CoL Standard amendments to NEC3
Advantages to this Option: <ul style="list-style-type: none"> • Pro-Active approach to delivery. • Using the spirit of mutual trust
Disadvantages to this Option: <ul style="list-style-type: none"> • SME's may not have experience dealing with these terms. • Terms favour the Supplier.
Please highlight benefits and possible risks associated with this option relative to the specifics of the project: <ul style="list-style-type: none"> • There is a lack of understanding of the terms that will cause delay and increased resources to solve issues.
Option 3: Other CC&S standard form
Advantages to this Option: <ul style="list-style-type: none"> • These are well known to the Contractors and we receive minimal objections to their usage. • The terms are designed for low value work, this is suited to the project and the delivery.
Disadvantages to this Option: <ul style="list-style-type: none"> • None seen at this time.
Please highlight benefits and possible risks associated with this option relative to the specifics of the project: <ul style="list-style-type: none"> • The Supplier may propose their own terms and conditions.

Form of Contract Recommendation

City Procurement team recommended option

Option 1: JCT with amended terms.

Due to the size of this project, it would be recommended in this case.

Sign Off

Date of Report:	14 May 2020
Reviewed By:	
Department:	
Reviewed By:	Georgia Lawrence
Department:	Chamberlain's Department City Procurement