

## 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**

<b>Author:</b>	Kayleigh Rippe		
<b>Project Title:</b>	Golden Lane Estate Lighting & Accessibility		
<b>Summary of Goods or Services to be sourced</b>			
To replace all communal and emergency lighting across the estate, to reach compliance, reduce costs and improve energy efficiency			
<b>Contract Duration:</b>	6 -12 Months	<b>Contract Value:</b>	£450,000
<b>Stakeholder information</b>			
<b>Project Lead &amp; Contract Manager:</b> David Downing	<b>Category Manager:</b> Kayleigh Rippe/Procurement Operations team	<b>Lead Department:</b> DCCS - Housing	
<b>Other Contact</b>		<b>Department</b>	
Jason Hayes		DCCS- Major Projects	

**Specification Overview**

<b>Summary of the Specification:</b>
<ul style="list-style-type: none"> <li>Replacement of all communal light fittings within blocks with low energy LED fittings and bulbs, plus sensory, reactive hardware to improve energy efficiency.</li> </ul>
<b>Technical and Pricing evaluation ratio</b>
60% (Technical) / 40% (Price)
<b>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)</b>
<b>Project Objectives:</b>
<ul style="list-style-type: none"> <li>To improve resident safety and security.</li> <li>To cut running and maintenance costs;</li> <li>To improve energy efficiency;</li> <li>To prolong the life of assets.</li> <li>To ensure compliance</li> </ul>

**Customer Requirements**

<b>Target completion date</b>	December 2021	<b>Target Contract award date</b>	May 2021
<b>Are there any time constraints which need to be taken into consideration?</b>			
N/A			

<b>Efficiencies Target with supporting information</b>
To ensure that the best price is provided for the best quality of work available.

**City of London Initiatives**

<b>How will the Project meet the City of London's Obligation to</b>
<b>Adhere to the Corporation Social Responsibility:</b>
Yes
<b>Take into account the London Living Wage (LLW):</b>
Yes
<b>Consideration for Small to Medium Enterprises (SME):</b>
Yes
<b>Other:</b>

**Procurement Strategy Options**

<b>Option 1: Traditional – Client Led (Single Stage)</b>
<b>Advantages to this Option:</b> <ul style="list-style-type: none"> <li>Completed design to share with the Tenderers.</li> <li>No additional design fees required.</li> <li>The Supplier is aware of their requirement from the outset.</li> </ul>
<b>Disadvantages to this Option:</b> <ul style="list-style-type: none"> <li>No contingency included in the budget, programme and design if unforeseen issues appear.</li> </ul>
<b>Please highlight any possible risks associated with this option:</b> 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**

<b>City Procurement team recommended option</b>
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**

<b>Option 1: Below OJEU Tender – Closed Tender</b>
<b>Advantages to this Option:</b> <ul style="list-style-type: none"> <li>Allows us to engage with the Selected specialist contractors with a good history of successful works.</li> <li>Allows the City to build the specification it requires and work to the timescales it requires.</li> <li>Allows us to engage with SME's as opposed to using a framework, which stereotypically have larger suppliers appointed to them.</li> </ul>
<b>Disadvantages to this Option:</b> <ul style="list-style-type: none"> <li>Will take longer to engage with the market.</li> </ul>
<b>Please highlight any possible risks associated with this option:</b> <ul style="list-style-type: none"> <li>No guarantee of the quality of responses returned.</li> <li>Responses could possibly be over OJEU threshold.</li> </ul>
<b>Option 2: Appoint via a framework supplier</b>
<b>Advantages to this Option:</b> <ul style="list-style-type: none"> <li>Quicker engagement with the market.</li> <li>Pre-vetted suppliers on the framework.</li> </ul>
<b>Disadvantages to this Option:</b> <ul style="list-style-type: none"> <li>Less engagement with SME's</li> <li>Larger Suppliers will subcontract the work as opposed to having employees working directly on the project.</li> </ul>
<b>Please highlight any possible risks associated with this option:</b> <ul style="list-style-type: none"> <li>The quality of the service and works carried out could be lower than expected.</li> </ul>

**Procurement Route Recommendation**

<b>City Procurement team recommended option</b>
<b>Option 1: Below OJEU Closed Tender</b> – 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**

<b>Option 1: Lump sum fixed price</b>
<b>Advantages to this Option:</b> <ul style="list-style-type: none"> <li>Once price paid for the delivery of the specification and schedule.</li> <li>A contractual arrangement where the fee is capped, and the supplier accepts the risk.</li> <li>Gives a clear cost, which aids reporting and budget management.</li> </ul>
<b>Disadvantages to this Option:</b>

<ul style="list-style-type: none"> <li>The Supplier will be looking to make efficiencies in their supply chain where they can to maximise their profit.</li> <li>Contract variations can be costly.</li> </ul>
<b>Please highlight benefits and possible risks associated with this option relative to the specifics of the project:</b> <ul style="list-style-type: none"> <li>Variations to the amount of locations and requirements, maybe amended and would cause issues when variant the contract.</li> </ul>
<b>Option 2: Fixed price - schedule of rates</b>
<b>Advantages to this Option:</b> <ul style="list-style-type: none"> <li>This give a more granular overview on each element, identifying how much each install is for a sized property.</li> <li>It allows easier calculations for variation if additional properties require work or unforeseen requests.</li> <li>Variations require less administration to action.</li> <li>Allows for necessary emergency works</li> </ul>
<b>Disadvantages to this Option:</b> <ul style="list-style-type: none"> <li>Easier for the project team to become relied on the variations and add additional work to the contact.</li> </ul>
<b>Please highlight benefits and possible risks associated with this option relative to the specifics of the project:</b> <ul style="list-style-type: none"> <li>Compliance can set in for variation and the ease in which the contract can be amended.</li> </ul>

### Pricing Mechanism Recommendation

<b>City Procurement team recommended option</b>
<b>Option 2: Fixed price - schedule of rates/bill of quantities</b> – 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

<b>Option 1: CoL Standard amendments to JCT</b>
<b>Advantages to this Option:</b> <ul style="list-style-type: none"> <li>Commonly used form of contract with suppliers</li> <li>Claims are dealt with retrospectively.</li> </ul>
<b>Disadvantages to this Option:</b> <ul style="list-style-type: none"> <li>SME's may not have experience dealing with these terms.</li> <li>Does not support collaborative working.</li> </ul>
<b>Please highlight benefits and possible risks associated with this option relative to the specifics of the project :</b> <ul style="list-style-type: none"> <li>There is a lack of understanding of the terms that will cause delay and increased resources to solve issues.</li> </ul>
<b>Option 2: CoL Standard amendments to NEC3</b>
<b>Advantages to this Option:</b> <ul style="list-style-type: none"> <li>Pro-Active approach to delivery.</li> <li>Using the spirit of mutual trust</li> </ul>
<b>Disadvantages to this Option:</b> <ul style="list-style-type: none"> <li>SME's may not have experience dealing with these terms.</li> <li>Terms favour the Supplier.</li> </ul>
<b>Please highlight benefits and possible risks associated with this option relative to the specifics of the project:</b> <ul style="list-style-type: none"> <li>There is a lack of understanding of the terms that will cause delay and increased resources to solve issues.</li> </ul>
<b>Option 4: Other CC&amp;S standard form</b>
<b>Advantages to this Option:</b> <ul style="list-style-type: none"> <li>These are well known to the Contractors and we receive minimal objections to their usage.</li> <li>The terms are designed for low value work, this is suited to the project and the delivery.</li> </ul>
<b>Disadvantages to this Option:</b> <ul style="list-style-type: none"> <li>None seen at this time.</li> </ul>
<b>Please highlight benefits and possible risks associated with this option relative to the specifics of the project:</b> <ul style="list-style-type: none"> <li>The Supplier may propose their own terms and conditions.</li> </ul>

### Sign Off

<b>Date of Report:</b>	04/12/ 2020
<b>Reviewed By:</b>	David Downing
<b>Department:</b>	DCCS - Housing

<b>Reviewed By:</b>	Kayleigh Rippe
<b>Department:</b>	<b>Chamberlain's Department</b>