

## LONDON BOROUGH OF CROYDON

To: Croydon Council website  
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### **STATEMENT OF EXECUTIVE DECISIONS MADE BY THE CABINET MEMBER FOR HOMES, REGENERATION AND PLANNING ON 18 FEBRUARY 2016**

This statement is produced in accordance with Regulation 13 of the Local Authorities (Executive Arrangements) Meetings and Access to Information) (England) Regulations 2012.

The following apply to the decisions listed below:

**Reasons for these decisions:** are contained in the **attached** Part A report

**Other options considered and rejected:** are contained in the **attached** Part A report

**Details of conflicts of Interest declared by the Cabinet Member:** none

**Note of dispensation granted by the head of paid service in relation to a declared conflict of interest by that Member:** none

The Leader of the Council has delegated to the Deputy Leader (Statutory) and Cabinet Member for Homes Regeneration and Planning (CAB20140929 Ref:A85/14(3)) the power to make the decisions below

**CABINET MEMBER'S DECISION REFERENCE NO. 02/16/HRP**  
**Decision title: Planned Maintenance and Improvement Revised Procurement Strategy**

Having carefully read and considered the attached Part A report, the attachments relating to:

Appendix 1- Market Engagement undertaken and summary of findings

Appendix 2 – Windows delivery routes evaluated

Appendix 3 – Mechanical delivery routes evaluated

Appendix 4 – Electrical delivery routes evaluated

Appendix 5 – Comparative Overview

and the requirements of the Council's public sector equality duty in relation to the issues detailed in the body of the report, the Cabinet Member for Homes Regeneration and Planning in consultation with the Cabinet Member for Finance and Treasury

**RESOLVED to:**

- 1.1 approve the lead service provider approach for the following lots:
  - Electrical Works and Services
  - Mechanical Works (domestic heating installations)
  - Window design, fabrication and installation
- 1.2 agree that in respect of Electrical Works and Services, the contract will be procured for an initial term of five years with options to extend for a period up to a total maximum contract term of 14 years. The estimated maximum annual contract value is £5m.
- 1.3 agree that in respect of Window design, fabrication and installation, the contract will be procured for an initial term of five years due to commence with options to extend for a period up to a total maximum contract term of 14 years. The estimated maximum annual contract value is £3m.
- 1.4 Note that in respect of Mechanical Works, it is recommended to exercise the contractual provision to extend the existing contract with lead provider Clairglow for the full five remaining years from January 2016 to January 2021.

Date: 19 February 2016

**For General Release**

<b>REPORT TO:</b>	<b>Cabinet Member for Homes Regeneration and Planning</b>
<b>AGENDA ITEM:</b>	
<b>SUBJECT:</b>	<b>Planned Maintenance and Improvement Revised Procurement Strategy</b>
<b>LEAD OFFICER:</b>	<b>Stephen Tate - Director district centres and regeneration</b>
<b>CABINET MEMBER:</b>	<b>Councillor Alison Butler Cabinet Member for Homes Regeneration and Planning Councillor Simon Hall Cabinet Member for Finance and Treasury</b>
<b>WARDS:</b>	<b>ALL</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT</b> These works meet the Council's Corporate priorities to: <ul style="list-style-type: none"><li>• Provide Value for Money to its residents through the delivery of the Planned Maintenance and Improvements Programme to the Council's housing stock</li><li>• Improve our Assets through investment in our housing stock</li><li>• Improving health and well-being through decent homes and neighbourhoods</li><li>• Contribute to the local economy and environment</li><li>• Improve Corporate Social Responsibility opportunities</li><li>• Include the Council's commitment to the London Living Wage</li></ul>	
<b>AMBITIOUS FOR CROYDON &amp; WHY ARE WE DOING THIS:</b> The Procurement Strategy as set out in this report will contribute to delivering and supporting 'Ambitious for Croydon' through: <ul style="list-style-type: none"><li>- Creating jobs and enhancing the local economy (social value outcomes)</li><li>- Housing (contributing to maintaining and improving Croydon's housing)</li><li>- Education and learning (social value outcomes)</li></ul>	
<b>FINANCIAL IMPACT:</b> As set out in the Recommendation of this report, the contracts arising from the lead provider approach to be adopted for electrical works, mechanical works and windows will be predominantly funded from the Housing Revenue Account in relation to housing stock and the addressable budget to be approved is up to £13m per annum. The contracts will also be available for use by schools and if this option is taken up, they will be general fund funded.	
<b>KEY DECISION REFERENCE NO:</b> This is not a Key Decision as defined in the	

The Leader of the Council has delegated to the nominated Cabinet Members the power to make the decisions set out in the recommendations below (decision ref: 02/16/HRP):

## 1. RECOMMENDATIONS

The Cabinet Member for Homes Regeneration and Planning in consultation with the Cabinet Member for Finance and Treasury is recommended to:

1.1 approve the lead service provider approach for the following lots:

- Electrical Works and Services
- Mechanical Works (domestic heating installations)
- Window design, fabrication and installation

1.2 agree that in respect of Electrical Works and Services, the contract will be procured for an initial term of five years with options to extend for a period or any number of periods up to a total maximum contract term of 14 years. The estimated maximum annual contract value is £5m.

1.3 agree that in respect of Window design, fabrication and installation, the contract will be procured for an initial term of five years with options to extend for a period or any number of periods up to a total maximum contract term of 14 years. The estimated maximum annual contract value is £3m.

1.4 note that in respect of Mechanical Works, it is recommended to exercise the contractual provision to extend the existing contract with lead provider Clairglow for the full five remaining years from January 2016 to January 2021.

## 2. EXECUTIVE SUMMARY

2.1 In March 2014, CCB approved the strategy to commence the EU procurement process based on the lead provider approach for Lots 1-5 of the PMI programme (General Building Works; Mechanical; Electrical; Windows; Lifts).

2.2 The new Administration requested that the earlier strategy be reviewed and on 29<sup>th</sup> September 2014 (Ref:A85/14(3)), the revised future service provision arrangements for the procurements namely were agreed as follows:

**General Building Works** – to award a single contract for an initial period of 5 years with options to extend up to a maximum period of 14 years at a maximum annual cost of £13m, with the contract signed by November 2015 and works commencing in early 2016. The anticipated spend for the first year of the contract is £13.5m.

**Electrical Works** – the award of possible 3 contracts (subject to review) to the maximum total value of £5m per annum, initially at £2.5m in 16/17.

**Mechanical Works** – the award of possibly 3 contracts (subject to review) to a maximum total value of c£5m per annum.

**Windows** – the award of possibly 3 contracts (subject to review) to a maximum total of c£3m per annum, initially at £2m in 16/17.

**Lifts** – the intention to award a single contract for the repairs, cyclical maintenance, servicing and replacement of all Council Lifts for an initial period of 5 years with options to extend up to a maximum period of 14 years commencing July 2016 at a maximum annual cost of £3m

- 2.3 The procurement strategies for General Building Works and Lifts were approved and progressed. The appointment of a preferred bidder for General Building Works was approved by Cabinet on 21 September 2015 (Ref: A86/15(13.2.1)). The contract for Lifts is currently being procured.
- 2.4 The Leader of the Council agreed for the Deputy Leader and Cabinet Member for Homes and Communities, in consultation with the Cabinet Member for Finance and Treasury, to be given delegated authority to approve the procurement strategy recommendations for the outstanding lots, namely electrical works, mechanical works and windows. The overall intention was to maximise Social Value and deliver positive enhancements for local employment, community benefits, supply chain management and environmental sustainability.
- 2.5 The purpose of this report is to outline the background detail; describe the market review and subsequent option appraisal that was carried out and provide the evidence leading to the following recommendations:

**Electrical Works and Services** – to proceed with the procurement of a long-term partnering contract for up to 14 years with one lead provider to the maximum total value of £5m per annum.

**Mechanical Works** – to extend the contract with lead provider Clairglow for the full five remaining years from January 2016 to January 2021.

**Windows** – to proceed with one lead provider to the maximum total value of £3m per annum.

The market review and analysis demonstrate that the Council will be best placed to achieve its overall objectives including substantial social value; local employment and support for local businesses through this route.

- 2.6 The contracts arising from the lead provider approach to be adopted for electrical works, mechanical works and windows will be funded from the Housing Revenue Account in relation to housing stock and the addressable budget to be approved is up to £19m per annum. The contracts will also be available for use by schools and social services and, if this option is taken up, spend will be funded by the general fund.

2.7 The content of this award report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number
17/02/2016	CCB1096/15-16

### 3. DETAIL

3.1 Cabinet agreed (Ref:A85/14(3)) the original objectives for the PMI procurement programme as follows:

- To commission cohesive, streamlined contracts whose scope facilitates efficient programme delivery
- Maintain or improve resident satisfaction
- Integrate IT and information between diverse Croydon teams and its external partners
- ICT that supports both programme management and cyclical servicing contract management (APEX)
- Strength and innovation through the supply chain, with a focus on local employment and opportunities for Small and Medium size Enterprises (SME)
- Enhanced focus on environmental sustainability
- Maximised Corporate Social Responsibility supported by KPIs that measure local benefit, supply chains and employment and training opportunities
- Investment in Community Benefits
- Best value through long-term commitments generating market savings
- Modern and robust performance management with efficiencies in contract management maximising the proportion of total expenditure which is invested in front line delivery
- To bring the new PMI contracts in line with the Croydon London Living Wage policy.

3.2 These objectives formed the basis of the already procured Responsive Repairs contract; the General Building Works Contract and the lift procurement currently underway. They also formed the basis of the option appraisal carried out in response to the market review.

3.3 The following definitions were applied to the market review and options appraisal:

**Lead provider** – largest value of works in each lot; able to take ‘lead service provider’ role

**Specialist sub-contractors** – work type is restricted to small specialist companies operating in their own niche markets

**Supply chain** – a term referring to the ‘suppliers’ of the lead service provider. This includes suppliers of materials and products and suppliers of services (‘specialists’)

**Micro/small/medium companies** are defined as follows:

<b>Company category</b>	<b>Employees</b>	<b>Turnover or;</b>	<b>Balance sheet total</b>
Medium-sized	<250	<£50 m	<£43 m
Small	<50	<£10 m	<£10 m
Micro	<10	<£2 m	<£2 m

#### **4 Market Review and Options Appraisal**

- 4.1 A detailed local market review was undertaken for the outstanding procurements, to gather the required intelligence relating to the availability of the suppliers within the local market of Croydon. Supplier mapping was produced to reflect all the known providers located in Croydon for each of the outstanding procurement lots. The Council also held a number of 'Meet the Buyer' events and contact was made with suppliers through a market survey exercise. From the advert, only 10 responses were received and many of the companies who responded were either 'not tender ready' and/or offered limited social value outcomes.
- 4.2 The local market review identified that an extremely limited number of local suppliers expressing an interest in the contract opportunities that would be able to meet minimum tender requirements. Furthermore, across all lots, the majority of the provider market is comprised of micro-suppliers dealing with minor domestic repairs and maintenance. This significantly limits the potential for local suppliers to act as one of three Lead Providers and would also have an impact on the social value that could be achieved, particularly in relation to local employment opportunities for Croydon residents. Appendix 1 provides further information regarding the market engagement undertaken and analysis of the findings.
- 4.3 A wide range of analysis was undertaken to assess and compare the strengths and weaknesses of the options described above. The detail of these is set out in the following documents:
- Appendix 2 compares the options in relation to windows
  - Appendix 3 compares the options in relation to mechanical
  - Appendix 4 compares the options in relation to electrical.
  - Appendix 5 provides a comparative overview of all options
- 4.4 As a result, the recommendation is to adopt a lead provider model for Windows, Mechanical and Electrical which has been identified as the strategy which:
- Best meets the single client/provider long-term partnering relationship objective
  - Is ideally placed to support the use of and development of the local supply chain through contractual and social value obligations

- 4.5 The benefits of the Lead Provider approach have been borne out by the Council's recent experience tendering the General Building Works contract where a significant social value offer aligned to local priorities has been secured within the contract.
- 4.6 The Council intends to apply the competitive dialogue approach for both the planned procurement relating to PMI Electrical Works and Windows. However, should the Term Brief relating to the PMI-Windows become further refined, the Council may have the option to consider the Restricted Procedure.
- 4.7 The proposed weightings that may be applied to both PMI related procurements is 50% Price and 50% Quality.

## **5. CONSULTATION**

- 5.1 Updates on the PMI programme are provided quarterly to the Tenant and Leaseholder Panel.
- 5.2 The Statutory Section 20 leaseholder consultation process will be undertaken in relation to the electrical procurement, with that related to windows to follow.
- 5.3 A comprehensive survey of residents and other stake-holders views on existing services and future expectations has been carried out and residents are fully involved in all aspects of procurement as well as on-going performance management. Resident representatives have been identified to work with the Council in both the electrical and window procurements.
- 5.4 The incumbent providers for the electrical, mechanical and windows are to be informed of the Council's intentions.

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## **6 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 6.1 In relation to the scope of the activities contained within this report, the current allocated funding for this project is broken down below. This funding is currently contained within the HRA business plan but could be subject to change as the plan is reviewed and refreshed. The contracts will have the ability to enable the Council to vary the level of spend as appropriate over the life of the contracts.



## 1 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2016/17 £'000	2017/18 £'000	2019/20 £'000	2020/21 £'000
<b>Capital Budget available</b>				
Expenditure	27,000	27,000	27,000	27,000
<b>Effect of decision from report</b>				
Expenditure	26,000	26,000	26,000	26,000
<b>Remaining budget</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>

## 2 The effect of the decision

The effect of the decision is to apply the lead service provider approach. Any increases in contract value to the maximum being tendered will be offset by additional funding, either from the General Fund if the scope is increased, or by reducing the value of other contracts to ensure that the overall PMI expenditure remains within budget,

## 3 Risks

The following risks have been identified and are being actively managed:

Risk	Mitigation
Social value objectives will not be achieved	Social value is a key theme that runs through all documentation and communication with potential bidders including key performance indicators

## 7 OPTIONS CONSIDERED

The range of options considered is more fully described in Appendix 5.

### 7.1 Future savings/efficiencies

Any work will be in line with any current or future budgetary arrangements and available HRA or GF funding.

**Approved by: Louise Lynch Finance Business Partner**

## **8 COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER**

- 8.1 The Solicitor to the Council comments that the procurement strategy proposed within this report is in accordance with the requirements of the Council's Tender and Contracts Regulations and meets the Council's duty to secure Best Value under the Local Government Act 1999.

**Approved by: Gabriel Macgregor, Head of Corporate Law on behalf of the Council Solicitor & Monitoring Officer**

## **9 HUMAN RESOURCES IMPACT**

- 9.1 This report makes recommendations which may involve a service provision change, thereby invoking the effects of the Transfer of Undertakings (Protection of Employment) 2006 Legislation. If this was the case, then all staff that pre-dominantly works for the identified third party provider will transfer to the new provider and the Council will have no other role than to facilitate the process.
- 9.2 With reference to Social Value, potential employment opportunities for local people should be followed up to ensure delivery, as this comes under the wider Pathways to employment programme which is designed towards generating employment and training opportunities for long term unemployed within the borough.

**Approved by: Adrian Prescod, HR Business Partner, for and on behalf of Director of Human Resources, Chief Executive Department.**

## **10 EQUALITIES IMPACT**

- 10.1 A full equality evaluation of proposed changes and enhancements to service delivery has been carried out and signed off by the Council's responsible equality officer. The works will be delivered to some of the most vulnerable residents in Croydon and as such the proposed contracts will need to reflect this as a requirement, this will need to be reflected within the delivery of customer care and quality of service provision.

## **11 ENVIRONMENTAL IMPACT**

- 11.1 Work carried out under the proposed contracts will essentially be required to maintain environmental safety standards and this will be reflected within the Partnering agreement. Partners will be required to work in accordance with the Energy and Sustainability Housing Specification Guide. This includes the use of sustainable materials, recycled products and the requirement to comply with the WEEE regulations.
- 11.2 There will be a range of environmental opportunities arising from the proposed procurements being contractors own environmental practices;

on site waste reduction and recycling and the opportunities to move towards more sustainable/environmentally friendly products and new technology over time. This will be further developed during project planning and procurement.

## **12 CRIME AND DISORDER REDUCTION IMPACT**

12.1 There are no adverse direct crime and disorder impacts arising from this report as a result of the recommended procurement strategy.

## **13 REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

13.1 The lead service provider approach for each procurement lots as set out and demonstrated in the market review and option appraisal, details of which are contained in Appendices .....

## **14 OPTIONS CONSIDERED AND REJECTED**

14.1 As set out and described in appendices attached.

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### **CONTACT OFFICER:**

<b>Name:</b>	Judy Pevan
<b>Post title:</b>	Project Manager
<b>Telephone number:</b>	

### **BACKGROUND PAPERS - LOCAL GOVERNMENT ACT 1972**

Appendix 1- Market Engagement undertaken and summary of findings

Appendix 2 – Windows delivery routes evaluated

Appendix 3 – Mechanical delivery routes evaluated

Appendix 4 – Electrical delivery routes evaluated

Appendix 5 – Comparative Overview

## Appendix 1 – Market Engagement undertaken and summary of findings

Market Engagement undertaken – Part A	
Activity:	Outcome:
The Council held a SE London jobs fair and Meet the Buyer event in November 2014 hosted by 3D Change a local SME.	Contact was made with a number of suppliers, not all relevant to PMI work.
Market Testing using an advert in the Croydon Guardian and linked to a questionnaire; companies on commissioning database were notified of this.	Following the advert; only 10 responses were received; many of the companies who responded were not “tender ready”
Value Croydon event – Fairfield Halls – Jan 2015	No contacts were made who were capable to fulfil PMI contracts
Meet the buyer event held	2 x local suppliers interested in future PMI contract.
Constructionline Event - June 2015	No contacts were made who were capable to fulfil PMI contracts
Build Surrey – June 2015	2 large M&E suppliers (SSE Enterprise & CEI) were contacted, who were interested in getting further information about working with Croydon;
Contact was made with 3 Croydon based window companies;	<ul style="list-style-type: none"> <li>• Croydon Window Company (New Addington)</li> <li>• Albion Windows (Addiscombe)</li> <li>• Cosyseal</li> <li>• Asset Finline (not local) (incumbent)</li> </ul>
Requested extraction from Build Surrey database of Croydon suppliers.	No relevant suppliers.
Requested information from National Federation of Builders (NFB) to supplement local suppliers database.	No information supplied
A database of 277 suppliers has been compiled & researched; Internet searched using Yell.com; checked each company turnover & still in business on Company Check website, to determine size of company.	The database includes current suppliers such as Mulalley, AJS and Asset Finline and also companies that these suppliers use as part of their supply chain.
Spoke to incumbent suppliers and mapped their existing supply chain	Then matched the supply chain to local existing SMEs to identify gaps
Used local Checkatrade directory to find local suppliers.	
Use Croydon Online to create local Supplier database	
Email notification of future opportunities sent to Chamber of Commerce and Federation of Small Businesses (FSB)	Information was sent on to their members in order to warm the market.
Contacted Croydon Business Rates team to ask if we can use their local business register.	No response
Using our supplier database; Commissioning support carried out extensive research via telephone surveys of local Electrical, Window and Mechanical companies to find out what services they could provide, whether they were interested in bidding etc.	

## **Market Analysis Detail**

### **Mechanical**

After researching all visible providers that claim or indicate that they are capable of delivering Mechanical services in the borough 16 providers were identified, of which six have local offices and three are locally based.

Due to the yearly contractual value, the more detailed research focused specifically on establishing if the identified providers might have the capability to deliver the full scope of works grouped by geographical area or specialist area, is likely not to successfully submit a competitive bid.

It was found that one of the most significant manufacturers of parts for Mechanical works is one of the three locally based providers, but their current scope of business delivery is designed around direct delivery of generic works, with specialist or less frequent works being sub-contracted locally. Of the other two locally based providers, one was able to confirm full capability and interest in delivering the full scope of works, as well as also being a current provider of such services under the Schools extension programme.

The two external providers with local offices did not display the same level of interest as other locally based providers, with one attesting to the fact that the business manager has left and they are unable to confirm the types of works they are able to carry out. The second took a considerable amount of time to be obtain contact , but was able to eventually confirm capability to deliver the full scope of works.

A large non-local provider was also contacted to test their interest, and despite claiming a large range of capabilities the response was very clear that there was no significant interest in service delivery that is not in the “new-build” sector unless the project value is above £2million.

### **Electrical**

Commissioning Support carried out market research to determine firstly the size of the market, and also the readiness of local providers. On first glance it appeared there was a healthy presence of market availability, on closer examination of the local market 55 electrical suppliers have been identified, with only 41 of them being local. These are made up largely of small companies dealing with minor domestic electrical repairs. Some companies who are beginning to work with Housing Associations and LAs have been identified but currently would not meet the minimum financial turnover criteria.

The companies who appeared to be of a reasonable size were investigated and found only one that appears to meet likely minimum financial tender requirements and is local. There were only two large suppliers that had local offices in the borough; Commissioning Support made contact with these two suppliers which did not display the same level of interest as other smaller locally based providers. One said this was due to the fact that the business manager had left and they were unable to confirm to

us the types of works they are able to carry out. The second took a considerable amount of time to respond, but was able to eventually confirm capability to deliver the full scope of works.

## **Windows**

From our research there were 22 suppliers capable of delivering services in Croydon within the scope of Lot 5 (Windows), 17 of which were local. In addition, Commissioning Support was asked to focus on suppliers that could also fabricate and/or manufacture windows.

Of those 17, three were found to be manufacturers and none were found to be fabricators.

Based on these findings, there is a possibility of having a geographical spread between more than one supplier, but with this in mind, it should also be noted that of the three suppliers mentioned above, two do not have a significant turnover and may not be able to comply with turnover requirements normally set at Tendering stages. Accordingly, there appears to be only one company with the manufacture capability, sizeable turnover and presumed capacity to deliver the full scope of a potential tender. If manufacturing capability is excluded from the requirements then there is one other local supplier with capacity & interest in bidding.

There is a significant level of confidence that a suitable and successful bid would be submitted for any of the options above, in spite of the estimated yearly contractual value and found supply chain options., However, for Option 1 this would require some element of preparation or market-warming to enable smaller local providers to successfully bid. On reflection on market analysis there is limited local provision available and there is no guarantee under any of the three options that the winning bid would be from a local company.

**Appendix 2:  
Windows Options - Evaluation against project principles**

<b>Windows</b>	<b>Market Analysis</b>	<b>Advantages</b>	<b>Disadvantages</b>	<b>Conclusion</b>
<p><b>3 provider model</b></p> <p><b>Three lead providers</b></p> <p><b>Direct management of supply chain</b></p>	<p>Analysis of the market shows there are 3 local providers that manufacture and install, but only one has presumed capacity and turnover</p> <p>There is therefore no possibility of the 3 lots being successfully bid for locally</p>	<p>Lower turnover threshold means contracts are more accessible to SMEs</p>	<p>As earlier Mechanical plus:</p> <p>No evidence that this model offers value for money and/or supports Croydon Challenge – larger estimated efficiency savings to be gained from a single supplier</p> <p>Possibility of lack of consistency/quality/cost/delivery across each supplier – e.g. leaseholder consultation and recharges</p> <p>Key area for housing repairs for ongoing maintenance so lack of consistency of product/quality could be an issue</p> <p>Increased complexity in liaison/ no single point of contact etc.</p> <p>Loss of opportunity to have over-arching environmental improvements input that a single provider relationship would facilitate</p> <p>Smaller suppliers may be less</p>	<p>Although lower turnover may make this option more accessible to SMEs, the disadvantages outweigh the advantages.</p> <p>Splitting lots into 3 suppliers by geographical or financial basis, does not meet the high level strategic objective of streamlining delivery of the Housing Maintenance system</p> <p>Splitting the lots into 3 main suppliers raises issues of consistency of service delivery, customer experience and leaseholder consultation and charges.</p> <p>Negative impact on implementation of the Housing maintenance system</p> <p>Although this option would benefit smaller suppliers,</p>

Windows	Market Analysis	Advantages	Disadvantages	Conclusion
			likely to be innovative as may not have a team dedicated to researching the latest developments in the industry.- particularly significant when looking to move to 3 <sup>rd</sup> generation window replacements	the reduced size of each contract is likely to remove any expected benefit coming from a large contract and therefore will impact the Social Value offer.  <b>The extent and impact of the disadvantages therefore cannot recommend this particular option</b>
<p><b>Lead provider model</b></p> <p><b>One lead provider incorporating all functions across the entire borough</b></p> <p><b>Directly manages the supply chain</b></p>	<p>Only one identified provider with the presumed capability to bid for a lead provider position.</p> <p>Local Installation supply is heavily sole-trader based.</p> <p>Whilst this could support local employment at a small level, it is unlikely to support the delivery of the other Social Value objectives.</p>	<p>As previously with Mechanical plus:</p> <p>Ownership from initial design through to completion of work and guarantees/warrantees</p> <p>Size of contract and lead provider arrangement will fully support use of and development of local supply chain in short/medium and long-term</p> <p>Social Value; due to the size of the contract £4m per year and length of the contract the Council is confident that this option</p>		<p>A lead provider who could sub contract other specialist areas of work would meet single client/provider long-term partnering relationship objective.</p> <p>The lead provider model would also be ideally placed to support the use of and development of the local supply chain through contractual and social value obligations</p> <p><b>Recommended option</b></p>



Windows	Market Analysis	Advantages	Disadvantages	Conclusion
		<p>would generate a full and detailed range of social value offers across all six strands</p> <p>This model would accommodate the earlier agreed route of providing services to other departments</p> <p>Larger company should have capacity to develop innovative future proofing/ moving on from 2<sup>nd</sup> generation double glazing to triple glazing/ include sound insulation in specific targeted areas etc.</p>		

### Appendix 3: Mechanical delivery routes evaluated

Mechanical	Market analysis	Advantages	Disadvantages	Conclusion
<p><b>3 provider model Plus Small specialists – allocated per area</b></p> <p><b>or one specialist across all areas</b></p> <p><b>Communal boilers – spot tender</b></p>	<p>Only two local suppliers have the presumed capacity and turnover.</p> <p>Findings of the research indicate that this option is not feasible in the proposed format of three providers within a speciality grouping, due to lack of coverage/amount of existing providers and budgetary value to spread.</p>	<p>Lower turnover threshold means contracts are more accessible to SMEs</p>	<p>Procurement regulations mean that no guarantee that contracts will go to local companies – could just as easily be outside of Croydon</p> <p>TUPE – complicated to manage</p> <p>Leaseholder legislation – would count as a term qualifying arrangement but would need to re-do the Section 20 consultation</p> <p>Small size of resulting contracts – unlikely to generate social value outcomes across the six corporate strands</p> <p>Three lots based on geography and/or value - LBC officers will need to put together annual programmes of work /equal lots. Complicated and more resource intensive to manage (including ICT/APEX) and ensure continuity of budget/work to three providers</p> <p>No evidence that offers value</p>	<p>Three lots by geographical or financial basis, does not meet the strategic objective of streamlining delivery of the Housing Maintenance system</p> <p>Three lots raise issues of consistency of service delivery, customer experience and parts. Impact on Responsive Repairs service</p> <p>Although this option would benefit smaller suppliers, the reduced size of each contract is likely to remove any expected benefit coming from a large contract and therefore will impact the Social Value offer.</p> <p>The range and impact of the disadvantages cannot recommend this</p>

Mechanical	Market analysis	Advantages	Disadvantages	Conclusion
			<p>for money and/or supporting Croydon Challenge – larger estimated efficiency savings to be gained from a single supplier as is being found with the current PMI GB procurement which should provide substantial savings</p> <p>Possibility of lack of consistency/ quality across each supplier and across housing maintenance system (Responsive Repairs – replacement parts etc) plus increased complexity in liaison/ no single point of contact etc.</p> <p>Possibility of inconsistent customer experience in terms of delivery</p> <p>Reduced flexibility for the Council in developing progressive contract/governance delivery</p> <p>Micro and small SMEs are less likely to have the experience of managing a diverse range of specialist sub-contractors</p> <p>Smaller suppliers may be less likely to be innovative as may</p>	particular option

Mechanical	Market analysis	Advantages	Disadvantages	Conclusion
			not have a team dedicated to researching the latest developments in the industry.	
<b>Lead provider model through Extension of Clairglow</b>	In respect of small Specialist contracts, our findings indicate that a local supply chain exists.	<p>Extend Clairglow - contract awarded in November 2013 – can extend until January 2021. Contract extensions are linked to inflationary indexation. Vary contract to include specialists and communal boilers.</p> <p>Benchmarking demonstrates that the contract continues to offer very good value for money</p> <p>Clairglow have indicated their agreement to manage works via Croydon's APEX asset management system</p> <p>Relationship with one lead supplier supports continuous improvement and flexibility</p> <p>As incumbent provider there will be no need to mobilise as existing contract and no TUPE will apply</p> <p>Quality/satisfaction -</p>		<p>VFM and resident satisfaction combined with enhanced Social Value make continuing with Clairglow attractive</p> <p>All work streams within Mechanical have been accommodated</p> <p><b>Recommended option</b></p>

Mechanical	Market analysis	Advantages	Disadvantages	Conclusion
		<p>performance results to date 95% Satisfaction</p> <p>Clairglow have submitted a fully developed social value offer at no extra cost which has been assessed as meeting the Council's requirements</p> <p>Approaching 2021 allows for strategic review of local market prior to retender</p>		
<p><b>Procure one lead provider directly managing specialists and sub-contractors</b></p>	<p>At least one locally based (or with local offices) provider is likely to submit an admissible bid covering the full range of works, specifically focusing on direct delivery of the majority of them whilst sub-contracting the renewable/alternative energies elements.</p> <p>The Social Value return from this option would be positively impacted by the possibility of having a local lead</p>	<p>Size of contract and lead provider arrangement will fully support use of and development of local supply chain in short/medium and long-term</p> <p>Long-term partnering arrangement can be aligned with other contracts</p> <p>Suits and supports partnership and strategic partnership working model</p> <p>Benefits of streamlined contract management /control/processes - Single client/provider relationship</p> <p>Supports the strategic</p>	<p>Although efficiency savings likely to be generated the retender costs are unlikely to be as cost effective as the existing Clairglow contract</p> <p>Will need to carry out a full scale procurement/tender activity compared to extending an existing contract as per Option 2 together with decommissioning of incumbent; TUPE and mobilisation of new provider</p>	<p>A lead provider who could sub contract other specialist areas of work would meet single client/provider long-term partnering relationship objective.</p> <p>As the responsive repairs and PMI GB procurements have identified, this model would also be ideally placed to support the use of and development of the local supply chain through contractual and social value obligations</p>

Mechanical	Market analysis	Advantages	Disadvantages	Conclusion
	<p>provider who would also use local supply chain options in addition. A successful local bid cannot be assured, however, this would be an opportunity that the local market would have significant interest in.</p>	<p>project objective of implementation of the “Housing Maintenance system” with single supplier</p> <p>Further improve customer experience through consistency of delivery, design and quality</p> <p>Benefits of initiatives ie environmental etc. that size of contract would facilitate</p> <p>Able to link with LBC Apex system</p> <p>Single supplier hence consistency in materials and parts provision</p> <p>Relationship with one supplier enables flexibility re changes eg legislative changes</p> <p>Leaseholder S20 consultation – has already been commenced so will not need to re-do</p> <p>Social Value; due to the size of the contract £4m per year and length of the</p>		

Mechanical	Market analysis	Advantages	Disadvantages	Conclusion
		<p>contract the Council is confident that this option would generate a full and detailed range of social value offers across all six strands</p>		

**Appendix 4:  
Electrical delivery routes evaluated**

Delivery route	Market analysis and comments	Advantages	Disadvantages	Conclusion
<p><b>Three lead provider model</b></p> <p><b>Specialists – similarly allocated</b></p> <p><b>or one specialist across all areas (because of low value)</b></p>	<p>Identified only one local provider that would fulfil the minimum turnover requirements</p> <p>Findings indicate that this option is not feasible, due to due to lack of existing local providers and budgetary value to spread.</p> <p>There are two additional suppliers that have a local office but whose head office is not within Croydon. Of these two, one, when contacted, was not interested in this type of work</p>	<p>This option reduces the turnover threshold and therefore makes the contracts more accessible to SMEs</p>	<p>As previously with Mechanical</p>	<p>Although lower turnover may make this option more accessible to SMEs, the disadvantages outweigh the advantages.</p> <p>Splitting lots into 3 suppliers by geographical or financial basis, does not meet the high level strategic objective of streamlining delivery of the Housing Maintenance system</p> <p>Splitting the lots into 3 main suppliers raises issues of consistency of service delivery, customer experience and parts</p> <p>Impact on Responsive Repairs service</p> <p>Although this option would benefit smaller suppliers, the reduced size of each contract is likely to remove any expected benefit coming from a large</p>























Delivery route	Market analysis and comments	Advantages	Disadvantages	Conclusion
				<p>contract and therefore will impact the Social Value offer.</p> <p><b>The scope and impact of the disadvantages cannot recommend this particular option</b></p>
<p><b>One lead provider model managing multiple supply chain</b></p>	<p>Market analysis has identified that there is only one local electrical provider who either already does or would be able to either directly deliver or manage/sub-contract specialist areas.</p> <p>There are two additional suppliers that have a local office but whose head office is not within Croydon although one, when contacted, was not interested in this type of work</p>	<p>As previously with Mechanical plus:</p> <p>Leaseholder S20 consultation – already started so will not need to re-do</p> <p>Social Value; due to the value (£3.4m pa) and potential length of the contract the Council is confident that this option would generate a comprehensive and detailed range of social value offers across all six strands</p> <p>This model would accommodate the earlier agreed route of providing services to other departments</p> <p>As an example - AJS – the</p>		<p>A single provider who could sub contract other specialist areas of work would the meet single client/provider long-term partnering relationship objective.</p> <p>The lead service provider model would also be ideally placed to support the use of and development of the local supply chain through contractual and social value obligations.</p> <p><b>Recommended option</b></p>

Delivery route	Market analysis and comments	Advantages	Disadvantages	Conclusion
		incumbent provider already delivers a number of electrical work types		
<b>Model of five sub-lots within electrical grouped by specialisation and managed/delivered by Planned Maintenance and Improvements (PMI)</b>	<p>Market research suggests that the local supply chain would be able to deliver the specialist works if grouped into specialist lots, pending on the combined value of the groupings.</p> <p>On some groupings it may require specific collaboration or consortia to fulfil the contractual requirements (turnover)</p>	<p>Grouping of specialist areas into 5 sub lots - Contract A would be large enough to generate some Social Value</p> <p>Small lots containing specialisms may create opportunities for SMEs.</p>	<p>As previously with Mechanical</p> <p>Will require more PMI resources</p> <p>Unlikely to suit long term contractual arrangements therefore more frequent resources etc. in re-procuring; decommissioning; mobilising; establishing IT links etc</p> <p>Section 20 leaseholder consultation would need to be re-done</p>	<p>This separate grouping option reduces economies of scale benefits associated with one provider</p> <p>Unlikely that the full range of social value options will be achievable</p> <p><b>The scope and impact of the disadvantages cannot recommend this particular option</b></p>








## APPENDIX 5: Comparative Overview of Options Aligned with the Delivery of Project Objectives

### Electrical Works

Project Objectives	Option 1 Minimum of 3 lead providers based on per geographical area/value/number of properties	Option 2 Minimum of 5 small specialist sub-lots	Option 3 Lead Provider approach managing multiple supply chain partners	Comments on Lead Provider Model
To commission cohesive, streamlined contracts whose scope facilitates efficient programme delivery				Single point of contact supports a cohesive service provision; implementation of a performance management framework and customer care and satisfaction.
Maintain or improve resident satisfaction				Single point of contact for service delivery consistency in relation to customer care and satisfaction
Integrate IT and information between diverse Croydon teams and its external partners				Single point of contact for ICT
ICT that supports both programme management and cyclical servicing contract management (APEX)				Single point of contact; consistency in delivery; able to engage in and support strategic asset management objectives
Strength and innovation through the supply chain, with a focus on local employment and opportunities for Small and Medium size Enterprises (SME)				Achieve through procurement activities; contractual and social value obligations
Enhanced focus on environmental sustainability				Achieve through procurement activities; contractual and environmental obligations.
Maximised Corporate Social Responsibility supported by KPIs that measure local benefit, supply chains and employment and training opportunities				Achieve through procurement activities; contractual and social value obligations














<b>Investment in Community Benefits</b>			  	Achieve through procurement activities; contractual and social value obligations
<b>Best value through long-term commitments generating market savings</b>			 	Through buying power and economies of scale; flexibility in delivery
<b>Modern and robust performance management with efficiencies in contract management maximising the proportion of total expenditure which is invested in front line delivery</b>			  	Achieve through procurement activities and deliver through single point of contact; KPIs etc.
<b>To bring the new PMI contracts in line with the Croydon London Living Wage policy</b>	  	  	  	Achieve through procurement activities; contractual and social value obligations

## Mechanical Work

Project Objectives	Option 1- Continue with current commissioning arrangements.	Option 2-Minimum of 3 lead providers based on per geographical area/value/number of properties	Option 3-Lead Provider approach managing multiple supply chain partners	Option 4-Extend existing contract with the incumbent Provider as the lead Provider managing multiple supply chain partners	Comments on Lead Provider Model – Extension of Contract
To commission cohesive, streamlined contracts whose scope facilitates efficient programme delivery	X-N/A				Single point of contact supports a cohesive service provision and implementation of a performance management framework to ensure consistency to customer care and satisfaction.
Maintain or improve resident satisfaction	X-N/A				Single point of contact for service delivery consistency in relation to customer care and satisfaction
Integrate IT and information between diverse Croydon teams and its external partners	X-N/A				Single point of contact for ICT
ICT that supports both programme management and cyclical servicing contract management (APEX)	X-N/A				Single point of contact; consistency in delivery; able to engage in and support strategic asset management objectives
Strength and innovation through the supply chain, with a focus on local employment and opportunities for Small and Medium size Enterprises (SME)	X-N/A				Achieve through procurement activities; contractual and social value obligations
Enhanced focus on environmental sustainability	X-N/A				Achieve through procurement activities; contractual and environmental obligations.
Maximised Corporate Social Responsibility supported by KPIs that measure local benefit, supply chains and employment and training opportunities	X-N/A				Achieve through procurement activities; contractual and social value obligations

Investment in Community Benefits	X-N/A				Achieve through procurement activities; contractual and social value obligations
Best value through long-term commitments generating market savings	X-N/A				Through buying power and economies of scale; flexibility in delivery
Modern and robust performance management with efficiencies in contract management maximising the proportion of total expenditure which is invested in front line delivery	X-N/A				Achieve through procurement activities and deliver through single point of contact; KPIs etc.
To bring the new PMI contracts in line with the Croydon London Living Wage policy	X-N/A				Achieve through procurement activities; contractual and social value obligations

## Windows

Project Objectives	Option 1- Continue with current commissioning arrangements.	Option 2-Minimum of 3 lead providers based on per geographical area/value/number of properties	Option 3-Lead Provider approach managing multiple supply chain partners	Comments on Lead Provider Model
To commission cohesive, streamlined contracts whose scope facilitates efficient programme delivery	X-N/A			Single point of contact supports a cohesive service provision and implementation of a performance management framework to ensure consistency to customer care and satisfaction.
Maintain or improve resident satisfaction	X-N/A			Single point of contact for service delivery consistency in relation to customer care and satisfaction
Integrate IT and information between diverse Croydon teams and its external partners	X-N/A			Single point of contact for ICT
ICT that supports both programme management and cyclical servicing contract management (APEX)	X-N/A			Single point of contact; consistency in delivery; able to engage in and support strategic asset management objectives
Strength and innovation through the supply chain, with a focus on local employment and opportunities for Small and Medium size Enterprises (SME)	X-N/A			Achieve through procurement activities; contractual and social value obligations
Enhanced focus on environmental sustainability	X-N/A			Achieve through procurement activities; contractual and environmental obligations.
Maximised Corporate Social Responsibility supported by KPIs that measure local benefit, supply chains and employment and training opportunities	X-N/A			Achieve through procurement activities; contractual and social value obligations

Investment in Community Benefits	X-N/A			Achieve through procurement activities; contractual and social value obligations
Best value through long-term commitments generating market savings	X-N/A			Through buying power and economies of scale; flexibility in delivery
Modern and robust performance management with efficiencies in contract management maximising the proportion of total expenditure which is invested in front line delivery	X-N/A			Achieve through procurement activities and deliver through single point of contact; KPIs etc.
To bring the new PMI contracts in line with the Croydon London Living Wage policy	X-N/A			Achieve through procurement activities; contractual and social value obligations