

14.00, Thursday, 18 August 2016

Provision of a Removal and Storage of Furniture Services Framework from 2016-2021

Item number	7.19
Report number	
Executive/routine	
Wards	All

Executive summary

This report outlines the result of a competitive tender process for the provision of a Removal and Storage of Furniture Services Framework, and recommends the appointment of a number of service providers.

It is proposed that the new Contract commences on 1 September 2016 for a period of three years, with the option to extend for a further two years. Based on previous years' usage, the overall value over five years is estimated at £3,123,965.

Links

Coalition pledges	P25 , P28
Council outcomes	CO25
Single Outcome Agreement	SO4

Provision of a Removal and Storage of Furniture Services Framework from 2016-2021

Recommendations

1. It recommended that the Committee:
 - 1.1 approves the appointment of a two lot multi-supplier Framework Agreement for furniture removals and storage for a period of up to five years; and
 - 1.2 confirms whether the Living Wage Foundation Rate option should be adopted.

Background

2. The Council has two distinct services using the current removals contract, Accommodation Planning Team, under the Head of Property and Facilities Management, and Temporary Accommodation Service, under the Head of Safer and Stronger Communities.
 - 2.1 Lot 1 will deliver the Council's requirement for conventional office relocations, delivering relocated furniture and equipment between properties occupied by the Council and its partners. This Lot will be managed and administered by the Accommodation Planning Team.
 - 2.2 Lot 2 will deliver the Council's requirement for specialist removal, packing and storage of household furniture, and assist in the delivery of its statutory obligation to remove and store belongings for those people who are homeless. The Council also has a statutory duty towards protection and storage of belongings from tenancies that are suspected of being abandoned. This Lot will be managed and administered by the Temporary Accommodation Service, which provides accommodation and support for around 3,000 homeless people per annum. Around 650 people benefit from the storage and removal services each year.
 - 2.3 Commercial and Procurement Services (CPS) undertook a full tendering exercise by utilising the Public Contracts Scotland advertising portal and the Official Journal of the European Union (OJEU). A two stage evaluation process was undertaken and the following cost quality ratios were applied:
 - Lot 1: 60% cost and 40% quality
 - Lot 2: 40% cost and 60% quality
 - 2.4 The Lot 2 service being procured is for the benefit of Council service users, often provided at difficult and stressful times in their lives. As such, the quality of delivery is considered to require more emphasis than that of Lot 1.
 - 2.5 Further details of the tender processes are set out at Appendix 1.

3. The current Framework for Removal and Storage of Furniture Services has been in place with a number of service providers since 1 September 2012 and expires on 31 August 2016. It cannot be extended under the terms of the contract.

3.1 The current suppliers and Lots are as follows:

Lot 1 – PROJECT BASED WORK

Doree Bonner International - Preferred Supplier
Harrow Green Group - Second Supplier
Bishops Move - Third Supplier

Lot 2 - DAILY REMOVALS AND STORAGE

Doree Bonner International - Preferred Supplier
Kerrs Removals - Second Supplier
Richard Healey Removals Ltd - Third Supplier

3.2 Safer and Stronger Communities and Corporate Property have jointly requested a replacement contract for a period of 3 years with a further 2 option periods of 12 months each.

3.3 The existing specification and evaluation criteria have been reviewed and developed to consider the unique service area requirements. This will allow the Council to build in improvements in the current service levels, but will bring in a range of new requirements, which will enable the Council to implement full life-cycle contract management, bring in additional savings and encourage innovation from suppliers through supplier relationship management.

3.4 Whilst the law does not currently allow public bodies to insist that suppliers pay the Living Wage Foundation Rate, they are permitted to encourage it, and in this case, the preferred bidder submitted both a Living Wage Foundation Rate and a National Living Wage based tender.

3.5 In both cases, this bidder was the most economically advantageous tender, which offers the Council the opportunity to place a Living Wage-compliant contract should it opt to do so.

3.6 Although the Living Wage Foundation Rate of £8.25 is approximately 14.5% more than the National Living Wage of £7.20, the preferred bidder has only increased its bid by 9.6% for Lot 1, and 4.5% for Lot 2, to allow it to comply with the Living Wage Foundation Rate, and is cheaper than the other three bidders' prices for the National Living Wage rate.

3.7 Accepting a Living Wage Foundation Rate bid will cost the Council more, but will fulfil the Council's commitment as a Living Wage employer.

3.8 The Quality/Cost scoring, proposed suppliers and Lots are as follows, full marks for the cost score element are allocated to the bidder submitting the lowest cost:

	Lot	Ranked	Quality NLWF	Quality Living Wage Foundation Rate	Cost NLWF	Cost Living Wage Foundation Rate
Doree Bonner	1	Preferred	37		60	
Doree Bonner	1	Second Supplier		37		60
Corporate Moves	1	Third Supplier	30		51	
Harrow Green	1	Fourth Supplier		27.5		50.7
Harrow Green	1	Fifth Supplier	27.5		49	
Clockwork Removals	1	Sixth Supplier		28		38
Clockwork Removals	1	Seventh Supplier	28		35	
Doree Bonner	2	Preferred	51		40	
Doree Bonner	2	Second Supplier		51		40
Clockwork Removals	2	Third Supplier	35		26	

Measures of success

4.1 A departure from the current arrangements is that for Lot 1 of the Framework, for any project expected to cost more than £3,000, the service area will have the option for it to be tendered between the three suppliers on the Framework. This will eliminate any complacency, and will further ensure best value.

Financial Impact

- 5.1 Budget provision for these services is held within the Corporate Property and Safer and Stronger Communities services.
- 5.2 Based on previous years' usage, the overall value is estimated at £3,123,965, however, this may fluctuate depending upon demand, such as office moves and changes in the number of those presenting as homeless. The Council is exploring the potential to reduce spend on this contract by looking at recycling initiatives, WARP It and other alternative measures.
- 5.3 The costs of procurement are estimated at less than £10,000.

Risk, policy, compliance and governance impact

- 6.1 The following risks have been identified as potential issues to the Council with regard to the successful delivery of the contract:

Risk	Mitigating Action
The successful bidder's business fails	<ul style="list-style-type: none"> ○ The next ranked bidder is invited to take over the contract and the staff
Provider cannot meet requirements within the terms of the contract	<ul style="list-style-type: none"> ○ Utilise the next ranked bidder

Equalities impact

- 7.1 There is no relationship between the matters described in this report and the public sector general equality duty, and there is no direct equalities impact arising from this report.
- 7.2 There will be no infringement of existing rights for those with protected characteristics.

Sustainability impact

- 8.1 This framework contract includes elements related to sustainability and this was evaluated and scored.
- 8.2 Tenderers were invited to advise and evidence any initiatives they were operating to improve their sustainability, such as reducing energy consumption, emissions and waste.
- 8.3 A major element of this service delivery model is the disposal of surplus furniture and the preferred bidder has declared its commitment to working closely with the Council to provide a superior recycling solution to the surplus furniture in the Council estate. As the surplus furniture has little or no value, it is a more efficient solution to re-distribute to other Council users (supplying free) and recycling the unwanted remainder. The key to a successful recycling process is deciding at an early stage to remove furniture to another Council service or a charity. If this is not an immediate option, it is more efficient to dispose immediately by dividing furniture into component parts and send for recycling, rather than attempt to hold in storage and sell to the used

market. This ensures the furniture moves from site, makes buildings available for new construction works and avoids unnecessary storage costs.

- 8.4 The preferred bidder was able to demonstrate that they would be using fuel efficient and low emission (minimum Euro 5 standard diesel engines), vehicles and ensure that their vehicle engines are switched off when they are stationary, minimising noise and particulate pollution.

Consultation and engagement

- 9.1 Members of key staff in the Accommodation Planning Team and the Temporary Accommodation Service have engaged with Commercial and Procurement Services throughout this procurement exercise.

Background reading/external references

- 10.1 None required.

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Links

Coalition pledges	<p>P25 - Introduce a “living wage” for Council employees, encourage its adoption by Council subsidiaries and contractors and its wider development.</p> <p>P28 - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well-being of the city.</p>
Council outcomes	<p>CO25 - The Council has efficient and effective services that deliver on objectives.</p>
Appendices	<p>Appendix 1 – Summary of Tendering and Tender Evaluation Process.</p> <p>Appendix 2 - Summary of Pricing (Per Annum)</p>

Appendix 1 – Summary of Tendering and Tender Evaluation Processes

Contract	Provision of a Removal and Storage of Furniture Services Framework from 2016-2021 Ref: CT0184				
Contract Period	1 September 2016 – 31 August 2021 (60 months)				
Estimated Value	£2,977,885 - £3,123,965				
Estimated Savings	N/A				
Standing Orders Observed	<p>2.4 EU Principles applied</p> <p>2.7 Commercial and Procurement Manager provided resource to undertake tendering</p> <p>3.1 Director has responsibility for selecting and appointing contractors</p> <p>3.2 Director has responsibility for all Contracts tendered and let by their Directorate</p> <p>5.1 Tenders were evaluated on the basis of most economically advantageous criteria</p> <p>5.3 Tenders evaluated by a panel with the appropriate technical knowledge and expertise</p> <p>6.1 Standstill period will be observed</p>				
EU Procedure Chosen	Open Route				
Invitations to Tender Issued	0 (Open Route open to all)				
Tenders Returned	4				
Preferred Supplier	1				
Primary Criteria	<p>Most economically advantageous tender to have met the qualitative and technical specification of the service area.</p> <table style="width: 100%; border: none;"> <thead> <tr> <th style="text-align: center;">Lot 1</th> <th style="text-align: center;">Lot 2</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"> <ul style="list-style-type: none"> • 60% Price • 40% Quality </td> <td style="text-align: center;"> <ul style="list-style-type: none"> 40% Price 60% Quality </td> </tr> </tbody> </table>	Lot 1	Lot 2	<ul style="list-style-type: none"> • 60% Price • 40% Quality 	<ul style="list-style-type: none"> 40% Price 60% Quality
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Evaluation Team	<ul style="list-style-type: none"> • 2 Corporate Property Staff • 1 Safer and Stronger Communities Staff 				
Procurement Advisors	<ul style="list-style-type: none"> • 2 CPS Staff 				

Appendix 2 – Summary of Pricing (Per Annum)

Contract	Provision of a Removal and Storage of Furniture Services Framework from 2016-2021 Ref: CT0184	
<u>Lot 1</u>	<u>Non Living Wage Foundation Rate</u>	<u>Living Wage Foundation Rate</u>
Doree Bonner	£76,834.18	£84,213
Bidder 2	£90,238	No Bid
Bidder 3	£93,229	£99,633
Bidder 4	£130,164	£132,790
<u>Lot 2</u>	<u>Non Living Wage Foundation Rate</u>	<u>Living Wage Foundation Rate</u>
Doree Bonner	£502,346	£525,160
Bidder 2	No Bid	No Bid
Bidder 3	No Bid	No Bid
Bidder 4	£771,136	No Bid

The above prices are used for evaluation purposes based on hourly rates for drivers, vehicles and storage costs against historic usage, and will fluctuate depending upon demand.