

# Finance and Resources Committee

10.00am, Tuesday, 25 April 2023

## Award of Edinburgh Factoring Framework Agreement

|   |                |
|---|----------------|
| Executive/Routine<br>Wards<br>Council Commitments | Routine<br>All |
|---|----------------|

### 1. Recommendations

---

- 1.1 It is recommended that Finance and Resources Committee approves the:
  - 1.1.1 Award of a multiple supplier Framework Agreement for Factoring Services to Hacking and Paterson Management Services, Park Property Management Limited and RMG Scotland Limited; and
  - 1.1.2 Commencement of the Framework on 3 June 2023 for a fixed period of four years at a total estimated value of £6 million.

**Paul Lawrence**

Executive Director of Place

Contact: Elaine Scott, Head of Housing Strategy and Development

E-mail: [elaine.scott@edinburgh.gov.uk](mailto:elaine.scott@edinburgh.gov.uk) |

## Award of Edinburgh Factoring Framework Agreement

### 2. Executive Summary

---

- 2.1 This report seeks the approval to award a multiple supplier Framework Agreement for Factoring Services to Hacking and Paterson Management Services, Park Property Management Limited and RMG Scotland Limited to commence on 3 June 2023 for a fixed period of four years at a total estimated value of £6 million.

### 3. Background

---

- 3.1 The City of Edinburgh Council requires a framework agreement to support the delivery of factoring services on new build mixed tenure housing developments. The framework will be utilised by the Council's Housing services for developments that have already completed or in development.
- 3.2 The Council is delivering mixed tenure housing on sites across the city. On completion, homes will be owned by the Council, Edinburgh Living and private owners. A Deed of Conditions sets out the responsibilities of owners in relation to maintaining common areas of the development (including common areas of blocks, landscaping and open space). Where the Council has majority ownership on sites which require a factor, the responsibility generally falls to the Council as a member of the Owners Association (following consultation with owners) to ensure that these services are in place and provide best value for money for all owners, including the Council and its tenants.
- 3.3 There are currently a number of contracts in place for factoring services for new build developments where the Council or Edinburgh Living is the majority owner. Consolidating these requirements into one overarching framework agreement presents the opportunity for the Council to rationalise the current approach and provide a structure for effective contract management.
- 3.4 The framework agreement shall encompass the Council's existing obligations to provide factoring services to houses and flats on newbuild mixed-tenure sites, a total of 1,439 houses and flats. Furthermore, the framework agreement will service an estimated 2,400 houses and flats that are expected to be completed over the lifetime of the framework agreement. The framework agreement will provide for a

range of factoring and management services, including landscaping and grounds maintenance, communal repairs and cleaning of common areas.

- 3.5 A key objective of the factoring framework is to ensure that a sense of place develops within mixed tenure estates and that the concept of tenure blind developments is maintained through the use of a single factoring service across developments. While private owners will access the complete suite of services required by the Deed of Conditions – including insurance provision and window cleaning for example, Edinburgh Living and the Council will mainly draw down on landscape maintenance services.

## 4. Main Report

---

- 4.1 A Prior Information Notice (PIN) was published on Public Contract Scotland (PCS) on 6 June 2022 to determine interest from potential suppliers and inform the market of the tender opportunity and allow suppliers to complete a questionnaire with the aim of understanding the market's views towards the Council's intended tendering approach.
- 4.2 On 20 January 2023, Commercial and Procurement Services (CPS) published a Contract Notice, under Open Procedure, tenders were returned on 28 February 2023.
- 4.3 To identify tenders offering best value, the evaluations included an emphasis on quality as well as price and submissions were assessed on the basis of the most economically advantageous tender.
- 4.4 A cost/quality ratio of 40/60 was applied to encourage competitive rates as well as ensuring the quality of services being provided under this framework agreement are of a high standard. To further protect the quality element a minimum quality threshold of 50 marks out of 100 was included, with the Council having discretion to disqualify tenders which did not achieve this threshold.
- 4.5 The quality analysis was based on weighted award criteria questions, which were scored using a 0 to 4 matrix.
- 4.6 This is a ranked framework, and the Council will allocate business mainly through direct award to the highest ranked supplier. On occasion, the Council may, at their sole discretion, choose to allocate business via mini competition if the requirements of the site require additional services to be delivered (for example if a water feature is present on the site).
- 4.7 A summary of the tender process is attached at Appendix 1 and the recommendation for award of the framework agreement is based upon the completed evaluation scores for the tenderers as detailed below.

| Tenderer             | Quality Score<br>(60%) | Cost Score<br>(40%) | Total Score<br>(100%) | Ranking |
|----------------------|------------------------|---------------------|-----------------------|---------|
| RMG Scotland Limited | 41.25                  | 31.95               | 73.20                 | 1       |

|  |       |       |       |   |
|--|-------|-------|-------|---|
| Hacking and Paterson Management Services | 33.00 | 39.86 | 72.86 | 2 |
| Park Property Management Limited         | 36.00 | 22.22 | 58.22 | 3 |

## 5. Next Steps

---

- 5.1 Subject to approval, the framework agreement will commence on 3 June 2023 for a fixed period of four years.
- 5.2 The Framework Agreement will replace and consolidate a combination of existing contractual arrangements.
- 5.3 A senior housing development officer within Housing Strategy and Development shall act as framework manager.
- 5.4 The Contract and Grants Management team will engage with the framework manager to ensure that effective contract management is delivered throughout the framework agreement lifecycle.

## 6. Financial Impact

---

- 6.1 The framework is estimated at £6 million over the contract period.
- 6.2 Funding will be from the Council's Housing Revenue Account for Council homes. Edinburgh Living and private owners will fund their own share of costs.
- 6.3 The total of the pricing schedule from the first recommended supplier is 10% below the average of the remaining two ranked suppliers. This could lead to savings of approximately £6,559.15 over the lifetime of the framework agreement.
- 6.4 The prices quoted by the successful suppliers in the pricing schedule will be fixed for one year. Prices will be reviewed annually in line with the Consumer Price Index (CPI) as set in the November of the previous year. Pricing shall not be uplifted automatically in line with CPI, the CPI figure will form the basis for discussions relating to price increases. Any price increase will require reasoning and evidence of increased costs on behalf of the supplier to be presented to the Council.
- 6.5 Financial assessments have been carried out for the successful suppliers and the required thresholds have been met.
- 6.6 The costs associated with procuring this contract are estimated to be from £20,001 to £35,000.

## 7. Stakeholder/Community Impact

---

- 7.1 The framework agreement will contribute to the achievement of the Council's environmental and sustainability objectives. A sustainability question was asked as part of the tender evaluation process with all suppliers answering this adequately.

Suppliers provided evidence of active policies in place to deliver sustainable outcomes in business activities as well as working with sub-contractors to embed these policies throughout their supply chains. Examples of outcomes include, active recycling of waste generated on site or disposal in line with SEPA requirements, electric fleets of vehicles, paperless billing and use of a carbon neutral energy supplier in utility contracts on sites.

- 7.2 The Sustainable Procurement Strategy was considered and applied through the request of community benefits. The suppliers will be required to deliver community benefits in line with the value of work awarded by the Council. Community benefits proposals will be finalised with suppliers at contract commencement and monitored on the Council's community benefits platform by the Council's contract manager and reported annually.
- 7.3 The Framework Agreement provides opportunities to small and medium-sized enterprises with Hacking and Paterson Management Services identifying as a medium sized enterprise and Park Property Management Limited identifying as a small sized enterprise.
- 7.4 Successful providers will engage with residents and the Council and the framework provides the flexibility to make sure that services are provided that best suit the needs of individual sites and communities.
- 7.5 Both RMG Scotland Limited and Park Property Management Limited confirm that they pay workers the real living wage. Park Property Management Limited are an accredited living wage employer and RMG Scotland Limited have provided confirmation of an intent to become accredited over the period of the framework agreement.
- 7.6 The framework recommended for award is compliant with procurement regulations and the Contract Standing Orders. The risk of legal challenge relating to contractual arrangements for the provisions of this service is thereby reduced.

## **8. Background Reading/External References**

---

- 8.1 None.

## **9. Appendices**

---

- 9.1 Appendix 1 – Summary of Tendering and Tender Evaluation Processes

## Appendix 1 - Summary of Tendering and Tender Evaluation Processes

|  |   |  |
|--|---|--|
| <b>Contract</b>  | <b>Edinburgh Factoring Framework Agreement</b>  |  |
| Contract period (including any extensions)                       | The contract period is for a fixed period of four years and will commence on 3 June 2023.   |  |
| Estimated Contract Value (including extensions)                  | £6 million  |  |
| Procurement Route Chosen   | Open Procedure  |  |
| Tenders Returned   | Four – One tender was returned after the tender submission deadline   |  |
| Name of Recommended Supplier(s)                                  | Hacking and Paterson Management Services<br>Park Property Management Limited<br>RMG Scotland Limited  |  |
| Price / Quality Split  | <b>Price 40%</b>  | <b>Quality 60%</b>                           |
| Evaluation criteria and weightings and reasons for this approach | <b>Price</b>  | <b>40%</b>                                   |
|  | Houses<br>Flats<br>Repairs  | 40%<br>50%<br>10%                            |
|  | <b>Quality</b>  | <b>60%</b>                                   |
|  | Framework Delivery Team<br>Framework Implementation/Mobilisation<br>Delivery of Services<br>Framework Management<br>Community Benefits<br>Sustainability<br>Fair Work Practices | 20%<br>15%<br>25%<br>15%<br>5%<br>10%<br>10% |
| Evaluation Team  | Three Council Officers from Housing   |  |