

# Cabinet

9 June 2021

**Report of:** Councillor Ronan Browne -  
Portfolio Holder for Council Homes  
and Landlord Services Portfolio

## HRA Stock Condition Survey Update and Property Improvement Contract Procurement

<b>Corporate Priority:</b>	Providing high quality council homes and landlord services
<b>Relevant Ward Member(s):</b>	N/A
<b>Date of consultation with Ward Member(s):</b>	N/A
<b>Exempt Information:</b>	No
<b>Key Decision:</b>	Yes
<b>Subject to call-in:</b>	Yes

### 1 Summary

- 1.1 As part of the Council's continuing commitment to housing improvement, this report seeks to provide an update on progress made in relation to the HRA Stock Condition Survey programme.
- 1.2 To seek approval to award contracts on a rolling basis from a DPS (Dynamic Purchasing System) via Westworks to enable the Council to deliver an efficient and effective Capital Programme of work robustly and responsively to the needs of its housing stock.

### 2 Recommendations

#### That Cabinet:

- 2.1 Note the contents of the Report in relation to the updated position on the HRA Stock Condition Survey Programme;**
- 2.2 Approve the award of contracts on a rolling basis from a Dynamic Purchasing System (DPS) via the Westworks Building Maintenance and Compliance DPS and procurement of future contracts from this DPS to support continued implementation**

### **3 Reason for Recommendations**

- 3.1 Having current stock condition data is key to delivery of the Council's Corporate Strategy 2020-24 Priority of "Providing high quality council homes and landlord services"
- 3.2 The stock condition surveys data shall inform the development of the HRA Business Plan ensuring that our Capital Programmes are tackling the needs of our properties to increase their decency in a cost-effective and structured manner.
- 3.3 A DPS is an electronic system which suppliers can join at any time; this is designed to give the Council access to a pool of pre-qualified suppliers. The 'open' nature of a DPS enables engagement with local potential suppliers and supports wider aims of working with local businesses for economic growth, for the duration the DPS is in place for.
- 3.4 The proposed DPS (Dynamic Purchasing System) ensures future contracts are compliant with procurement guidelines together with positively delivering against Corporate Strategy 2020-24 Priorities 1 and 2.
- 3.5 The DPS (Dynamic Purchasing System) shall provide us with a robust vehicle to deliver on a variety of Capital Programme schemes. Each individual contract shall be a mini competition, where all providers on the relevant DPS category are invited to submit a bid and must be evaluated by the Council. This will be conducted in line with the Council's Contract Procedure Rules, as relevant to the value of the individual contract.

### **4 Background**

- 4.1 The Council is a landlord with 1,800 properties. In November 2019, the Council approved a Housing Improvement Plan (HIP) which enabled a fundamental re-building of the landlord function, alongside the release of resources to support a significant re-investment in the Council's housing stock. Good progress has been made but a significant amount of work remains before the Council meets its corporate goal of ensuring a high-quality landlord function.
- 4.2 The need for accurate stock condition data for our Housing Assets has been highlighted as a key risk within the HIP programme Budgetary provision has been made to invest in a full stock condition assessment of our properties and moving forwards the Council should look to refresh stock condition data on a rolling four-year programme, undertaking 25% of survey's each year.
- 4.3 The Council is in the process of appointing Michael Dyson Associates as contractors for Stock Condition Surveys and is drawing up a programme of works for completion. The programme shall run for a total of four years as detailed within the main considerations section.
- 4.4 Following discussion at the Housing Improvement Board, a need was identified for contractors to be sourced to undertake Capital Works on the Council's HRA Assets that fall outside of existing contracts. This shall include programmes of work resulting from our stock condition surveys in relation to Kitchens, Bathrooms, Aids and Adaptations, Roofing Works, and any other required planned works.

- 4.5 The current issue we are seeking to address is that at present quotations from contractors are being sought on an ad-hoc basis which require individual procurement process leading to an increase in the time taken to complete the works as well as staff costs to administer the process.
- 4.6 Working with the Council's Welland Procurement Unit, to streamline and improve the procurement process authority is sought to utilise the Dynamic Purchasing System route. This will eliminate the need for individual procurements when works are required which will not only benefit our tenants but also improve the turnaround times for works being done on our properties. Officers have sought expressions of interest from suppliers based within East and West Midlands. This is in line with the aspirations set out within the HIP which seeks to utilise local contractors where possible. A number of these contractors have now been included on the contractor list within the Westworks Building Maintenance and Compliance DPS (Dynamic Purchasing System) enabling them to engage.
- 4.7 Combined with this, within resulting contracts we are also aiming to identify core product choices in consultation with members, tenants and TFEC. This shall enable our tenant's a choice on kitchen unit door design, colour choices of doors and worktops to enhance the ownership of the properties by providing choice.

## **5 Main Considerations**

- 5.1 The draft delivery schedule for the Stock Condition Survey contract is set out below. The contract is front loaded with full stock condition survey completion in year one to enable the use of data to inform the HRA Business Plan development.
- 5.2 Draft contract schedule;
- Year 1:
- 1,400 stock condition surveys to be completed by the end of Nov 2021
  - 25% of structural surveys to be completed on balconies
  - 25% of garage condition surveys to be completed
- Year 2:
- 33.3% of the circa 400 stock condition surveys (first year of the recurring 4 year cycle)
  - 25% of structural surveys to be completed on balconies
  - 25% of garage condition surveys to be completed
- Year 3:
- 33.3% of the circa 400 stock condition surveys
  - 25% of structural surveys to be completed on balconies
  - 25% of garage condition surveys to be completed
- Year 4:
- 33.3% of the circa 400 stock condition surveys
  - 25% of structural surveys to be completed on balconies
  - 25% of garage condition surveys to be completed

### 5.3 Property Improvement Contract Procurement

The proposed DPS (Dynamic Purchasing System) pools a number of compliant contractors to enable a variety of works to be programmed and completed in a timely manner. It also provides a consistent management structure for the Council's staff to manage the contract outputs. There is a clear need for this approach to enable the service to ensure we meet the obligations of Priority 2 of the Corporate Strategy. The Westworks Building Maintenance and Compliance DPS (Dynamic Purchasing System) has been developed by the social housing sector to meet its varying needs and shall ensure that we gain value for money as well as reducing the time taken to complete required works.

### 5.4 DPS (Dynamic Purchasing System) value of contracts to be awarded

- Annual Value, circa £750k per annum.
- Scope of works, Replacement works outside of the existing Axis contract, Aids and Adaptations works, Disrepair cases and Capital Programmes of work including Kitchen and Bathroom replacements.
- Pricing structure based on NHF Schedule of Rates V7 with % adjustment to be evaluated during individual contract procurement through (mini competition from the DPS).

## 6 Options Considered

6.1 As there is a clear need for future contracts the options are:

6.2 Procure a single supplier, (this was not achievable due to the wide scope of future programmes).

6.3 Procure via a DPS (Dynamic Purchasing System), allowing multiple small local contractors the opportunity to be engaged. This option was chosen as being preferable based on the reasons set out above.

## 7 Consultation

7.1 Officers have undertaken extensive pre-procurement consultation as detailed below:

- Member briefing document circulated May 2021.
- Engaged suppliers to identify requirements.
- Market engagement to determine how a service could be delivered differently and building on the market expertise to develop the tender and strategy.

## 8 Next Steps – Implementation and Communication

8.1 Following authorisation to proceed we can start to utilise the DPS (Dynamic Purchasing System) to contract for our Kitchen and Bathroom programmes and continue with additional programmes when and where identified.

## 9 Financial Implications

- 9.1 The proposed DPS (Dynamic Purchasing System) ensures value for money for Melton Borough Council and does not stipulate a guaranteed value. The current spend forecast lies within current capital expenditure and future budget projections of spend.
- 9.2 These works are likely to fall within the aids and adaptation, kitchens and bathrooms and roof works programmes which have a combined value of £896k in the 2020/21 capital programme. A similar value is included in the future years of the HRA capital programme. If the final contract works value comes to more than the approved capital programme values there may be a need to increase capital budgets, sense checked to the HRA business plan to ensure this is affordable.

**Financial Implications reviewed by: Corporate Services Manager – Deputy s151 officer**

## **10 Legal and Governance Implications**

- 10.1 The Council has the power to enter into contracts in order discharge its functions (Local Government Act 1972, s111 and the Local Government (contract) Act 1997, s1).
- 10.2 The Local Government Act 1972 requires the Council to have regulations for how it enters into contracts. In addition to complying with all relevant UK and EU legislation every contract entered into on behalf of the Council must also comply with the Council's Contract Procedure Rules and the Council's Financial Regulations
- 10.3 The Council's Contract Procedure Rules permit a contract of any value to be procured via a framework agreement or DPS, compliance with these Rules and relevant national and EU law is achieved through compliance with the framework agreement/DPS terms and conditions.
- 10.4 Value for Money must be achieved in all procurements.
- 10.5 Where the contract is valued over £25,000 an award notice is required on Contracts Finder, Welland Procurement is responsible for such award notices.

If the above criteria are satisfied, using a DPS will reduce the risk of challenge for the Authority

**Legal Implications reviewed by: Monitoring Officer**

## **11 Equality and Safeguarding Implications**

- 11.1 No equality or safeguarding issues to be considered in relation to this report.

## **12 Community Safety Implications**

- 12.1 None identified.

## **13 Environmental and Climate Change Implications**

- 13.1 Within the contract, contractors are required to recycle waste where possible.

## 14 Other Implications (where significant)

- 14.1 The DPS (Dynamic Purchasing System) is a compliant procurement mechanism which has been confirmed by Welland Procurement.
- 14.2 As part of each individual contract award (under the DPS), we will ensure the necessary due diligence is carried out, prior to contract award, as well as obtaining the necessary approvals (in line with the value of the contract).
- 14.3 Following on from each individual contract award (under the DPS), we will liaise with Welland Procurement to ensure details are added to the Council's Contract Register, and a Contracts Finder Award Notice is published.

## 15 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact	Risk
1	Lack of availability of contractors if not procured considering the relatively small-scale contract. Particularly considering post COVID pressure on the sector.	Significant	Critical	Medium Risk
2	Increased staff costs and time to individually procure works instead of procuring a suite of small contracts to deliver the wider Capital Programme.	Significant	Critical	Medium Risk
3	Declining property condition and inability to positively effect Decent Homes position.	Significant	Critical	Medium Risk
4	Poor performance of a contractor	Significant	Critical	Medium Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				
	5 High				
	4 Significant			1, 2, 3, 4	
	3 Low				
	2 Very Low				

	1 Almost impossible				
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Risk No	Mitigation
1	Procure contract to enable delivery
2	Effectively procure and manage the delivery of contract to enhance productivity and VFM
3	Compilation of Capital Programmes resulting from Stock Condition surveys
4	Proactive performance/contract management by MBC staff, this would be enhanced due to the reduced need for officer time to procure individual pieces of work.

## 16 Background Papers

16.1 N/A

## 17 Appendices

17.1 N/A

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