

## PLACE COMMITTEE

27 JUNE 2018

### REPORT OF THE INTERIM DIRECTOR OF GROWTH AND REGENERATION

#### PROCUREMENT OF THE MAINTENANCE CONTRACT

##### 1.0 PURPOSE OF REPORT

- 1.1 To seek approval to award the contract for responsive and void repairs to Council owned properties.

##### 2.0 RECOMMENDATIONS

- 2.1 **The Place Committee notes the procurement process followed by the Council under the direction of Welland Procurement Unit and considers the outcome of the processes as set out in this report.**

**On the basis of the evaluation results of the tenders received and summarised in Appendix A, that the Place Committee awards the contract for responsive and void repairs to the preferred tenderer, Axis Europe Plc, commencing on September 1 2018 and for a duration of five years with the option to extend the contract for up to five further years, subject to performance in line with Key Performance Indicators established in the tender document.**

##### 3.0 BACKGROUND

- 3.1 As of 1 June 2018 the Council owned 1,821 properties. Award of this contract will provide a fully encompassing repairs and maintenance service to the Council's housing stock. The duration of the contract is a maximum of ten years and the estimated contract value is £9 million.

As a stock retained authority the Council has a duty to provide an effective repairs and maintenance service to its customers, with a quality product and value for money being the highest priorities. This contract is important in maintaining excellent levels of customer satisfaction with the HRA service overall.

All repair work to each property, subject to the exclusions identified in the tender documentation, are covered by an all-inclusive price per property (PPP) up to a value of £250 per order, regardless of the number of callouts and a fixed fee for all work to a void property (PPV), with caveats in relation to the maximum cost of works in each case.

The Council is currently under contract for the delivery of responsive and void repairs with G Purchase Construction, a wholly owned subsidiary of Wates Living Space (Wates).

The contract began in July 2012 with a term of five years and an annual contract value of £1.2 million, comprising responsive and void maintenance as well as

planned works. The contract was extended in line with the re-procurement timetable and is due to expire on August 31<sup>st</sup> 2018.

Payments to Wates were originally based on the National Housing Federation Schedule of Rates (SoR), a traditional method of valuing and paying for work, and one which has been widely used in the industry and is well understood by both clients and contractors.

In order to understand the process, cultural and other changes the move from SoR to PPP/V would result in, and in preparation for the re-procurement of the contract, Wates agreed to trial the arrangement with the Council, which has been running from May 2017 to date.

## **THE PROCUREMENT**

Following competitive tender, Faithorn Farrell Timms (FFT) were appointed as procurement consultants in October 2017 to facilitate the procurement of the new contract.

A Repairs Working Group was established, chaired by Councillor Ronnie de Burle and with membership comprising Councillors and the Tenants Forum Executive Committee (TFEC), to ensure suitable engagement and consultation.

It was established that the best outcome for the Council would be achieved by adopting the OJEU compliant Competitive Procedure with Negotiation route. It was also agreed that the weighting between cost and quality should be 50/50.

The procurement timetable comprised the following stages:

	<b>Action</b>	<b>Result</b>
1	Advertise the opportunity requesting compliance information as well as experience of similar contracts	11 applicants
2	Shortlist from applications received	6 applicants shortlisted
3	Request prices and method statements	3 applicants shortlisted
4	Dialogue with applicants	3 applicants attended
5	Site visits	Councillors and TFEC visited one site per applicant
6	Applicants submitted revised method statements and a best and final cash offer	3 tenders received

Three applicants were shortlisted to go forward to the dialogue stage. They were:

- Axis Europe Plc

- Jeakins Weir Ltd
- Wates Living Space Ltd

The dialogue stage presented the applicants with the opportunity to understand the Councils requirements in much more detail, and it also helped the Council to understand the potential cost of the service specified in the original tender document.

This process provided the Council with the opportunity to revise the specification, clarifying points raised by the applicants and revising other areas to reduce cost where there would be little or no impact on service delivery.

The final submission method statements were marked without reference to the cost submissions by a panel overseen by Clare Ellis, Head of Welland Procurement Unit and comprising:

- Councillor Alan Pearson
- John Skerritt (Chair of TFEC)
- Interim Housing and Commercial Asset Manager
- Maintenance Surveyor
- Customer Services Team Leader
- IT Manager

The IT Manager only marked method statements pertaining to IT.

Following an analysis of both cost and quality in line with the methodology set out in the tender document, the highest scoring applicant was **Axis Europe Plc**.

## **THE TENDER OUTCOME**

**The costs and quality submissions set out by the contractors are set out in Appendix A (exempt).**

Due to the manner in which the cost submissions were requested, it is not possible to make direct comparisons with the current arrangement. However, when modelled against the 2018/19 budget of £712,890, the predicted outturn figure is £631,500, so the contract is within budget.

The new contract includes a suite of key performance indicators (KPI's) which requires Axis Europe Plc to perform to a very high standard, including 'right first time' fixes and low void turnaround times.

For example a major void (one that requires an elemental bathroom or kitchen replacement) currently has a turnaround time of 25 days, but in the new contract the turnaround time is 15 days. Adherence to the suite of KPI's will result in a significantly improved service for tenants, and it was on this basis and through the competitive dialogue process that Axis Europe Plc submitted their final tender submission..

In addition, Axis Europe Plc has committed to a social value offer including:

- 1 new full time three year apprenticeship pa

- 2 further job opportunities pa
- 90% of specialist work delivered through local supply chain
- 1% of annual contract value given to local charities
- Additional training to support tenancy sustainment and reduce unemployment.

The tender outcome has been ratified by the Repairs Working Group in a meeting held on 21 June 2018.

#### **4.0 POLICY AND CORPORATE IMPLICATIONS**

Particularly through the social value offer, the contract assists in fulfilling the following corporate Place priorities:

- Promoting aspiration and growth in a vibrant economy, attracting quality jobs.
- Increasing the availability of good quality homes which meet local needs.
- Working with our partners to improve physical and digital infrastructure.

And People priorities:

- Helping people fulfil their potential and achieve their ambitions.
- Work with our partners to address vulnerability and tackle the root causes of social problems, building safe, happy and healthy communities.
- Focussing on our priority neighbourhoods, support people to overcome disadvantage and live well independently.

#### **5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS**

5.1 The budget for 2018/19 is £300,000 for void works and £412,890 for responsive repairs, a total of £712,890. The predicted cost of the service under the new contract is £631,500 and is therefore within the available budget.

See Appendix A for financial information.

There are no TUPE or other HR implications for Council employees.

5.2

5.3

#### **6.0 LEGAL IMPLICATIONS/POWERS**

6.1 The council is responsible for undertaking the repair, maintenance and improvement of its housing properties and installations therein (Part 2 of the Housing Act 1985).

6.2 The Council has power to enter into such contracts under section 1 of the Local Government (Contracts) Act 1997 on the basis that such services are properly required for the discharge of the Council's functions.

6.3 The Council is obliged to undertake a process that confirms with the Council's Procedure Rules and to ensure value for money. Welland Procurement Unit has been consulted throughout the process.

**7.0 COMMUNITY SAFETY**

7.1 The delivery of a good quality maintenance service will impact positively on community safety as relating to this report.

**8.0 EQUALITIES**

8.1 An Equality Impact Assessment has been undertaken.

**9.0 RISKS**

9.1

<b>L I K E L I H O O D</b>	<b>A</b>	<b>Very High</b>				
	<b>B</b>	<b>High</b>				
	<b>C</b>	<b>Significant</b>				
	<b>D</b>	<b>Low</b>				
	<b>E</b>	<b>Very Low</b>			1, 2	
	<b>F</b>	<b>Almost Impossible</b>			3	
			<b>Negligible</b> 1	<b>Marginal</b> 2	<b>Critical</b> 3	<b>Catastrophic</b> 4
<b>IMPACT</b>						

<b>Risk No</b>	<b>Risk Description</b>
<b>1</b>	Contract cost exceeds budget
<b>2</b>	Contractor not ready on September 1 <sup>st</sup>
<b>3</b>	Unsuccessful contractors successfully challenge the outcome

## 10.0 **CLIMATE CHANGE**

10.1 None.

## 11.0 **CONSULTATION**

11.1 Consultation with Councillors and tenants has been undertaken through membership of the Repairs Working Group.

## 12.0 **WARDS AFFECTED**

12.1 All wards affected.