

Agenda Item 22

Cabinet

4 April 2012

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Responsive repairs and works to void properties contract

Exempt Information

Para 3 Schedule 12A information relating to the financial or business affairs of any particular person.

Summary

This report summarises the re-tendering process for contracts relating to responsive repairs and works to void properties and seeks Cabinet approval to enter into contract with the successful tenderers.

The tender evaluation process is explained and the results of the evaluation presented for Cabinet to consider and authorise me to enter into contract with building contractors for the repair of council homes for the next five years.

Recommendation

To authorise the Head of Housing to enter into contract with the two contractors scoring the highest marks in the tender evaluation process for responsive repairs to Council owned homes and work to void properties.

a) Reasons for Recommendation

To provide the authority required to enter into new contracts for the repair and modernisation of council owned homes.

b) Alternative Options

Not to enter into new contracts.

c) Risk Considerations

Legal challenge on the process or following the award of contract.
Failure of a contractor.

d) Policy and Budgetary Considerations

These are set out in the report and tender documents together with earlier reports to the Housing Review Board.

Positive Impact Overall

Affordable Homes.
Thriving Economy.
Safe Environment.

Green Environment.
 Recycling.
 Excellent Customer Service.
 Inspirational Council.
 Meeting our Diversity and Equality duties.
 Providing more service at less cost.

e) Date for Review of Decision

Following the expiry of the standstill period.

Regular performance monitoring reports and meetings are part of the monitoring process for the new contracts.

1 Background

- 1.1 For some months I have been working on the re-tendering of our responsive repair and works to void properties contract. This is our main housing contract worth approximately £10 million over five years. It covers the day to day repair of tenant's homes and modernisation of void properties. We deal with circa. 10,000 repair orders and modernisation of approximately 250 void properties in a year.
- 1.2 The contract has to be tendered in accordance with European Procurement rules and therefore we have gone through the stages of Prior Information Notice (PIN); Pre-Qualification Questionnaires (PQQ); Invitation to Tender (ITT); and to follow Award of Contract, standstill and mobilisation.
- 1.3 We received ten applications at Pre-Qualification stage following our advertisement in the European Journal. The responses to the PQQ were evaluated by a multi-disciplinary team of officers using a pre-published scoring matrix. Six applicants were subsequently invited to submit tenders (ITT stage) which involved submission of a tender price book; a series of method statements; and interviews with each contractor. Most of the scoring was undertaken as a team where a consensus view was agreed. In other cases individual Evaluation Panel member scores were aggregated and an average score used.
- 1.4 We had decided to revert to our earlier position of having two contractors operating east and west of the district to spread the risk of contractor failure disrupting service delivery. We have also opted for another cost plus arrangement where applicants have been asked to provide details of their profit and overhead percentages together with the all in charge for tradesmen and any up lift for out of hours work. There are also TUPE issues to take into consideration and we have advised applicants that the current contractor has employees that will likely have TUPE rights.
- 1.5 We made clear that we are seeking partners and a partnering arrangement with selected contractors, and would favour a Systems Thinking organisation that would work to our purpose for repairs – right first time, fix and stay fixed. We are looking to appoint organisations that have a strong customer focus.
- 1.6 We have been assisted through this process by a consultant, Dr Graham Coupar from Sector Treasury Services who has provided invaluable advice on process throughout the specification, ITT and tender evaluation stages.

2. Tender Evaluation

- 2.1 Tenders were returned at the end of January and opened by the Portfolio Holder. Then followed a period of tender evaluation by a panel that included officers from housing; finance; legal; procurement and two tenant representatives.
- 2.2 The scoring scheme and evaluation matrix for assessing bids was published with the ITT document and we have adhered strictly too this set of criteria. We indicated to applicants that the evaluation would be based upon a 30% price consideration and 70% quality factor.
- 2.3 The results of the tender evaluation have produced two clear 'front runners' and I have included in **annex 1** the evaluation summary table which identifies the total score for all contractors. I am proposing that we offer contracts to MD Building Services Ltd (western area) and Skinner Construction Ltd (eastern area).
- 2.4 In terms of price the tendered rates from both contractors is 3% for profit and 9% (MD Building Services Ltd) and 11% (Skinner Construction Ltd) for overheads. We currently pay 12.5% profit and 12.5% overheads. We also considered the labour rates for the different building trades who would be undertaking the work to tenant's homes, and the uplift in rates for out of hours work.
- 2.5 In terms of quality all contractors submitted five detailed method statements covering:
- Level of management/supervision/administration/management of voids;
 - Ensuring good quality work;
 - Proposals for continuous improvement and other services;
 - Customer care – appointments/Out of Hours/right first time;
 - Sustainability.

The method statements were impressive and well presented.

- 2.6 We interviewed all applicants over a period of two days. We used twelve pre-set questions and the Evaluation Panel collectively scored the contractors. We specifically asked that local representatives attended interviews where appointed so we could discuss issues with the people we might have a long term partnering relationship with. We have not used the moderation process on the basis that the evaluation produced an acceptable and clear result. I am advised that this is also an area most prone to legal challenge, another good reason for not using it in the evaluation.
- 2.7 It will be important that we can integrate the two different organisational cultures and offer tenants a seamless repairs service. One of the disadvantages of working with two contractors is ensuring there is a consistent, high quality service. Our contract documentation is comprehensive and applicants should be clear on the type and level of service we are expecting.
- 2.8 Before we confirm the successful applicants I want a further check on the financial health of the companies as it has been a while since the check was undertaken at Pre-Qualification Questionnaire stage.

Legal Implications

Cabinet is referred to previous advice on the EU Procurement provisions. Legal Services will be providing critical advice at the point where the new contracts are to be awarded.

Financial Implications

The financial implications have been included in the report. The appropriate sums have been included in the 2012/13 HRA budget and the ongoing Business Plan.

Consultation on Reports to the Executive

None. Cabinet has approved the minutes of Housing Review Board meetings that have been dealing with the re-tender exercise.

Background Papers

- Prior Information Notice, European Journal, May 2011.
 - Pre-Qualification Questionnaire.
 - Invitation to Tender and project brief, tender submission documents.
 - Housing Review Board reports on contract Heads of Terms; PIN and progress report, 25 November; 13 January 2011; and 8 September 2011.
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John Golding
Head of Housing

Cabinet
4 April 2012