

COMMITTEE: EXECUTIVE REF NO: E/17/12
DATE: 19 JUNE 2017
SUBJECT: PLANNED MAINTENANCE PROGRAMME
– COUNCIL HOUSING STOCK
PORTFOLIO HOLDER: COUNCILLOR NEIL MACDONALD
HEAD OF SERVICE: IAN BLOFIELD

Short description of report content and the decision requested:

This report details the work that has been carried out to procure a new planned maintenance contract for the upkeep of the Council's housing stock.

Executive are asked to approve acceptance of the most advantageous tender to the Council (as identified in exempt Appendix 1).

The following appendices are to be considered in Part 2 of the agenda as it is likely that if members of the public were present during that item there would be disclosure to them of exempt information.

(a) Appendix 1 - Price/Quality Evaluation

*This report has been prepared by Chris Pegge, Tel: 01473 432425,
Email: chris.pegge@Ipswich.gov.uk*

This report was prepared after consultation with:

*Internal consultees
Head of Housing & Community Services,
Operations Manager Maintenance & Contracts
Assistant Business Support Accountant
Procurement Officer
Lead Lawyer*

The following policies form a context to this report:

(all relevant policies must also be referred to in the body of the report)

Building a Better Ipswich 2017

LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

(papers relied on to write the report but which are not published and do not contain exempt information)

- 1. N/A**

OTHER HELPFUL PAPERS

(papers which the report author considers might be helpful – this might include published material)

- 1. Housing Planned Maintenance - Ref No: E/12/79**
- 2. Council's Asset Management Strategy**

1. Introduction

- 1.1 The Executive last considered the Council's planned maintenance programme in early 2013.
- 1.2 The scope of work includes the inspection, maintenance, repair, redecoration, renewal, modernisation and improvement of the Council's residential housing stock, communal areas and its estates.
- 1.3 The works include capital component replacement to the exterior of the Council's housing stock and revenue repairs. This includes items such as re-roofing, redecoration, window replacement and external repairs.
- 1.4 The works include minor mechanical and electrical works where these enable the principal works, together with all associated preliminary and ancillary works, management and surveying services.
- 1.5 Also included are works to estate areas, such as landscaping, replacement of paths, replacement of signage, steps, screens, balustrades, provision of fencing and such works.
- 1.6 Where applicable, works of improvement may be carried out which may also address the installation of sound insulation materials, cavity wall or thermal insulation, replacement of existing doors with new fire doors and other measures to ensure current standards of fire resistance are met.
- 1.7 The properties within the Borough are visited on a seven year cycle.
- 1.8 When planning this procurement exercise consideration was given to the term and format of the work to gain value for money and consistency of service delivery from potential bidders.
- 1.9 The term of the contract has been set to a maximum of seven years. Break clauses will be included in years two, four and six. This means one potential bidder will carry out the entire planned cycle to all of the Council's housing stock. This will contribute to meeting the Ipswich Standard and ensure tenants have well maintained, safe and weather-tight accommodation.
- 1.10 Additionally a one off schedule of repairs to garage blocks is included within the first year of the contract as it has now been determined which sites will be maintained and which will be developed for new housing.
- 1.11 The report details the tender evaluation process and tenders received in exempt Appendix 1.

2. Background

- 2.1 An open Invitation to Tender was advertised on the Suffolk e-sourcing system. Tenders were returned on the 10th March 2017 and were evaluated on the basis of 30% quality and 70% price. The following method statements were used as part of the evaluation:
 - Defects Process and Experience of Managing Defects
 - Quality
 - Customer Care
 - Experience of Working On Occupied Properties

- Supply Chain Management
- Technical Knowledge & Skills
- Social Value
- Health and Safety

2.2 The results of the evaluation are shown in exempt Appendix 1.

3. Relevant Policies

3.1 The planned maintenance of the Council's housing stock contributes to the following priorities and principles of:

Building a Better Ipswich 2017

- **A Strong Ipswich Economy** - Local suppliers will be part of the supply chain as far as is reasonably practical. The maximum seven year term of the contract would see a single provider deliver an entire planned maintenance cycle across all wards.
- **A Sustainable Environment** - improved insulation will reduce fuel use and subsequently reduce carbon emissions.
- **A Healthy Community** - The work will improve thermal efficiency of our homes reducing fuel use for tenants. External works will improve the safety and security of the Council's housing stock.
- **Quality Homes for all** - The work will help ensure that the Council's housing stock is well maintained and continues to provide decent homes.
- **An Efficient and Effective Council** – The term and scale of the works will produce an economy of scale, saving time and cost. The award of the works to a single contractor will reduce administration and duplication.

4. Options Considered / Under Consideration

4.1 When considering options available to the Council there are a number of criteria that each option must be evaluated against, these are:

- Value for money,
- Customer service,
- Quality of work and materials,
- Compliance with the specification/tender/legal framework/health and safety.
- Organisational capacity and contract management requirements.

4.2 Option A – Re-tender the contract on a like for like basis

Undertake a review and update the requirements of the contracts from previous awards. Taking into account changes in specification and legislation and re-let on the basis of individual work packages.

Advantages:

- a. Would encourage a wide variety of specialist contractors to bid for the work.
- b. Would provide continuity in the delivery of a range of work streams.

Disadvantages:

- a. Continuing to engage multiple contractors would maintain the current resource intensive administration and management of the planned maintenance activities.
- b. Could result in tenant's experiencing differing levels of quality and customer service, when multiple contractors deliver work packages.

4.3 Option B – Consolidation

To combine the work streams which make up the planned maintenance programme into a single contract. To offer the opportunity for a single contractor to deliver one whole planned maintenance cycle across the Borough over the seven year cycle.

Advantages:

- a. Tenants would benefit from continuity of service delivery.
- b. The scope and value of the works would increase the economies of scale, providing increased value for money.
- c. Administration of the contract would be reduced, saving officer time and increasing efficiency.

Disadvantages:

- a. The Council would reduce the range of suppliers it directly engages with.
- b. The Council would be more exposed in the event of the corporate failure of sole single supplier.

4.4 Following consideration of the routes to market Option B was selected as the preferred format for the tender.

4.5 No contract of this type can be entered into by the Council without full consultation with leaseholders and the above is subject to consultation any leaseholder observations.

5. Consultations

5.1 In accordance with the requirements of S20 Landlord & tenant Act 1985 leaseholders have been served with notice of the Council's intention to enter into a Qualifying Long Term Agreement in accordance with Schedule 2 regulation 5(2) of the Service Charges (Consultation Requirements)(England) Regulations 2003. The Council received some observations from leaseholders as part of that process and a summary is attached. The Council had regard to those observations.

5.2 Prior to entering into a Qualifying Long Term Agreement the Council must consult further with leaseholders, by preparing and serving a notification of the Council's proposals in accordance with Regulation

5(2) and Schedule 2 of the Service Charge (Consultation Requirements)(England) Regulations 2003.

5.3 The recommendation to Executive includes the authority to proceed with the second stage consultation with leaseholders. This requires the Council to provide leaseholders with information about the proposed costs and the name of the proposed contractor. This must be completed prior to awarding any contract if at all. The Council must have regard to any observations received by leaseholders in response to that consultation.

5.4 The relevant consultation period is 30 days from the notice. Where observations are made by leaseholders, within the relevant period, in relation to the proposed agreement, the Council shall have regard to those observations. Where the Council receives observations to which it is required to have regard, the Council shall state its response to those observations by notice in writing to the leaseholder within 21 days of receipt.

6. Risk Management

6.1 The following risks have been identified:

Risk Description	Consequence of risk	Risk Controls	Probability of risk occurring taking account of controls (scale 1-6) 1 – almost impossible 6 – very high	Impact of risk, if it occurred taking account of actions (scale 1 – negligible; 4 – catastrophic)	Actions to mitigate risk
The Council must fulfil its repairing obligations under Landlord and Tenant legislation, including the 'Right to Repair'	Dissatisfied tenants and compensation claims	Effective surveying process and repairs system in place	2	3	Planned maintenance works will improve the general fabric of the housing stock preventing likelihood of failure.
Failure to meet Health and Safety obligations.	Injury or death of persons. Prosecution of the Council, individuals and/or the contractor. Bad publicity	All contractors have existing Health & Safety policies and procedures. The full Construction Design & Management Regulations Health &	2	2	Contractors are monitored to ensure all Health & Safety risks associated with the project are properly considered and measures are taken to

		<p>Safety process is applied to the contract.</p> <p>Audited health & safety processes in place with contractors</p>			eliminate or mitigate.
Failure to meet the Council's commitment to the Ipswich Standard and maintain the homes up to the Decent Homes standard	Bad publicity	Predicted budget provision is sufficient to meet target	3	3	Predicted budget provision is sufficient to meet target
Refurbishment works are not carried out correctly	Dissatisfied tenants and compensation claims	All works are monitored for quality standards and signed off by the supervising officer	3	2	The proposed contractor will be monitored to ensure they comply with their detailed tender quality method statement.
Failure to demonstrate Value for Money	Paying too much	The existing contract was tendered in an open and transparent manner. Bids were fully evaluated against the award criteria.	2	3	The new offer provides consistency of both service delivery and price for the duration of the contract.
Failure to fully consult with leaseholders	Under recovery of service charges from leaseholders	Early inclusion of Legal Services in the tender team to ensure correct notices are issued and leaseholders consulted with.	2	3	Regular consultation with Legal Services as the tender process continues to contract award.

7. Environmental Impact Assessment

- 7.1 The procurement process required bidders to provide details of their environmental policies and compliance regime. The energy efficiency aspects of the works will help reduce carbon emissions.

8. Equalities and Diversity Implications

- 8.1 An Equality Impact Screening process has been carried out and no significant impacts were identified. Therefore a full Impact Assessment is not required.

9. Financial Considerations

- 9.1 The funding for the contract will come from the HRA capital programme, which is funded going forward as part of the HRA Business Plan.

Capital expenditure item	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Capital Budget per HRA Business Plan (non inflated figures)	£1,362,400	£1,206,100	£1,903,250	£1,828,700	£1,899,100	£1,089,650	£1,222,900
Recommended Contract Budget (non inflated figures)	£1,500,004	£1,714,824	£1,903,250	£1,828,700	£1,899,100	£1,089,650	£1,222,900
Variance	£-137,604	£-508,724	£0	£0	£0	£0	£0

* The additional recommended budget for 2017/18 and 2018/19 will come from existing capital resources

- 9.2 The award of the contract to the bidder shown in exempt Appendix 1 is within the allocated budget.
- 9.3 The evaluation of each bidder's submission was carried out with by the Council's external procurement consultant.

10. Legal Considerations

- 10.1 The Council has complied with contract standing orders in seeking bids for the work. The Public Contracts Regulations 2015 apply to the work as the overall value of the project is above the current EU threshold for a public works contract (currently £4,104,394) and have been complied with.
- 10.2 The contract provides for an annual open book review of rates subject to a maximum increase equivalent to the percentage movement of the Retail Price Index (RPI) as prepared by the Office of National Statistics.
- 10.3 In accordance with the requirements of S20 Landlord & tenant Act 1985 leaseholders have been served with a notice of the Council's intention to enter into a Qualifying Long Term Agreement in accordance with Schedule 2 regulation 5(2) of the Service Charges (Consultation Requirements)(England) Regulations 2003.
- 10.4 The Council must now enter into further consultation with leaseholders by serving a notice of proposals in accordance with the requirements of Schedule 2 Regulation 5(2) of the Service Charges (Consultation

Requirements) (England) Regulations 2003. The Council has a duty to have regard to any observations in relation to the proposals made by leaseholders within the relevant period, and state its response to those observations by serving notice of the response in writing upon leaseholders within 21 days of receipt.

- 10.5 The Council must follow the above consultation process prior to entering into any Qualifying Long Term Agreement.

11. Performance Monitoring

- 11.1 This contract will help maintain customer satisfaction not only with the quality of service provision but also quality of their home.
- 11.2 Local performance indicators will be set and monitored including customer satisfaction, compliance with the contract programme, response times, expenditure and quality. All performance indicators will be measured throughout the contract duration.
- 11.3 Regular audits will monitor compliance with Health and Safety legislation. Ensuring the safety and wellbeing of our tenants and those undertaking the work.
- 11.4 Work will be monitored and assessed to ensure both value for money and high quality standards are maintained.
- 11.5 Monthly financial monitoring will be undertaken by Maintenance & Contracts and reviewed by senior Housing management team in conjunction with financial services.

12. Conclusions

- 12.1 Following the analysis of submitted bids, in accordance with the evaluation model for price and quality, the bidder identified in exempt Appendix 1 is recommended as offering the most advantageous overall bid to the Council.

13. Recommendations

- 13.1 That Executive authorise the Head of Housing and Community Services, in consultation with the Legal and Democratic Services Operations Manager, and subject to any observations received by leaseholders in response to the notice of proposals served upon them in accordance with the Service Charge Consultation Requirements, the Council having regard to those observations prior to awarding any contract if appropriate, to enter into a contract with the recommended contractor in the exempt Appendix 1 for the provision of Planned Maintenance in accordance with this report. The maximum contract term will be 7 years commencing on the 1st August 2017. The contract will have three break clauses set in years two, four and six.**

Reason: It provides value for money. The recommended contractor is capable of meeting the Council's requirements and its bid is the most advantageous to the Council.