



## Key Decision Report of the Corporate Director, Housing and Adult Social Services

<b>Officer Key Decision</b>	<b>Date: 15 March 2017</b>	<b>Ward(s): All</b>
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<b>Delete as appropriate</b>	Exempt	
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## THE APPENDIX TO THIS REPORT IS NOT FOR PUBLICATION

### **SUBJECT: Contract Award for Void Property Repairs and Refurbishment Works**

#### **1. Synopsis**

- 1.1 This report seeks approval for the contract award in respect of Housing Void Property Repairs and Refurbishment Works in accordance with Rule 2.5 of the Council's Procurement Rules.
- 1.2 The contract will provide services for void property repairs and refurbishment works. This is an essential service to carry out works on all empty council homes, enabling the council to re-let homes swiftly to avoid any loss of rental income. The aim is to provide an efficient and effective housing void property repairs and re-servicing service to our residents and ensure the council's housing stock is maintained in a good order of repair.

#### **2. Recommendations**

- 2.1 Following a competitive tendering process the following three organisations achieved the highest combined scores for quality and cost: Wates Living Space Ltd, Mitie Property Services Ltd and Pilon Ltd.

It is recommended that the highest scoring contractor, Wates Living Space Ltd, will be awarded the contract for the central area for a period of two years with the option to extend for a further two years.

The next highest scoring contractor, Mitie Property Services Ltd, will be awarded the contract for the south area for a period of two years with the option to extend for a further two years.

The third highest scoring contractor, Pilon Ltd, will be awarded the contract for the north area for a period of two years with the option to extend for a further two years.

The total value of the three contracts is estimated at £4.5m per year with a combined total value of £18m over the maximum contract period of four years. This total value will be split between the three providers based on the volume of work in their allocated areas.

**3. Date the decision is to be taken: 15 March 2017**

**4. Background**

4.1 The Executive at its meeting on 21 May 2015 provided the Corporate Director for Housing and Adult Social Services with authority to award this contract on completion of the procurement process.

The existing contract expires on 30 June 2017. In order to ensure there is continuity of service a three month implementation period is required for any transition of service and mobilisation. This will include integration with the council's IT systems.

For the purpose of this contract the borough will be divided into three (3) geographical areas (central, north, and south). Three (3) successful service providers will be allocated to one (1) geographical area each (a primary area). Each contractor will also become the standby contractor (secondary and tertiary) for each of the other areas.

4.2 The estimated contract value is £4.5m per annum which will be funded by the housing revenue account. The annual value will be split between the three geographical areas, the volume of work being based on the number of voids received in each area. Pricing is provided against the National Housing Federation schedule of rates NHF 6.1 and VIPER (voids module) 6.1.

4.3 The commissioning team explored the option of using an established framework for this contract, but was unable to find one which was suitable for the council's needs at this time.

Due to the different requirements for neighbouring boroughs collaboration was not deemed to be appropriate for this contract.

A competitive tender was advertised on OJEU and the London Tenders Portal on 29 September 2016 using a restricted procedure. Thirty-nine organisations submitted a pre-qualification questionnaire. An additional thirteen organisations actively opted out of the process having initially expressed an interest in the contract. All applicants were required to meet the minimum requirements of the selection process and score a three (3) in each question at this stage. Due to a tie in the scores, the thirteen highest scoring organisations were then invited to tender.

At the tender stage, two organisations opted out of the process and did not submit a tender. Eleven organisations submitted compliant bids. In order to be awarded a contract, all organisations were required to meet the minimum requirements of the tender stage. The three contracts will be awarded to the three organisations who achieve the highest combined scores for quality and cost.

There is no statutory consultation required as the works during this contract will only be undertaken internally on council owned properties.

4.4 The London Living Wage will be a condition of this contract. Each of the successful providers will also be required to take on one apprentice per £1m turnover related to the contract.

All providers were asked to submit their proposals for addressing social value within this contract as part of the award criteria. All of the successful providers have all offered additional value to the council in terms of economic, social and environmental sustainability.

4.5 The award criteria for this contract was based on 70% cost and 30% quality. The quality award criteria was made up of:

- Proposed approach to service delivery (5%)
- Proposed approach to quality management (5%)
- Proposed approach to partnership working (5%)
- Proposed approach to social value (5%)
- Proposed approach to health and safety (10%)

The cost award criteria was made up of

- Percentage adjustment to Schedules of Rates (including without limitation emergency works and works undertaken outside normal working hours). (20% : 20% split between Viper (Voids Module) Schedule of Rates and the Responsive Maintenance and Void Property Works Schedule of Rates) – (40% total)
- Scaffold Schedule Prices (7%)
- Day work percentage additions/percentage adjustment for materials (5%)
- Percentage adjustment for plant and equipment (5%)
- Day work hourly charges (6%)
- Percentage adjustment for directing specialists (7%)

The evaluation panel comprised of members of the commissioning team who deal with the repair and refurbishment of void properties on a daily basis. A member of the council's corporate health and safety team was also included on the evaluation panel for the question addressing the award criterion regarding health and safety.

The tender scores and costs are shown in Exempt Appendix 1.

## **5. Implications**

### **5.1 Financial implications:**

The Void Property Repairs and Refurbishment Works service is currently funded by the Council's Housing Repairs Budget (2016-17 budgets of £31.4m). The current budget for the Void Property Repairs and Refurbishment Works service is £4.1m of which, approx. 35% of void repairs and refurbishment works meets the definition of capital expenditure, thus capitalised.

Based on the award criteria set out for this contract, the three highest scoring contractors are:

1. Wates living Space Ltd
2. Mitie Property Services Ltd
3. Pilon Ltd

The 70% cost element of the award criteria was assessed in accordance to the ITT Price Framework.

It is anticipated that the annual spend on void repairs and refurbishment works will be approx. £4.5m (based on prior years annual spend levels). Therefore, it is estimated that the total cost of the contract over the initial period of 24 month period will be £9m, and £18m if the option to extend the contract to 48 months is exercised.

The cost of the contract will be contained within the current Void Property Repairs and Refurbishment Works budget allocation and it is not expected to create any financial pressure on the overall Housing Repairs Budget.

### **5.2 Legal Implications:**

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). 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. The Executive at its meeting on 21 May 2015 provided the Corporate Director for Housing and Adult Social Services with

authority to award this contract.

Repairs and refurbishment are works contracts for purposes of the Public Contracts Regulations 2015 (the Regulations). The threshold for application of the Regulations to works contracts is currently £4,104,394.00. Contracts above this value require advertising in the official journal of the European Union (OJEU). Contracts that are to be let as framework contracts for purposes of the Regulations must not exceed a duration of 4 years.

This contract was procured in compliance with the requirements of the Regulations and the council's Procurement Rules with advertisement in the Official Journal of the European Union (OJEU). Bids were evaluated in accordance with the evaluation model. The contracts may therefore be awarded to the three highest scoring tenderers who are: Wates Living Space Ltd, Mitie Property Services Ltd and Pilon Ltd.

In deciding whether to appoint the selected contractors the Corporate Director of Housing and Adult Social Services should be satisfied as to the competence of the chosen tenderers and that the tender prices represent value for money for the Council. In considering the recommendations in this report the Corporate Director for Housing and Adult Social Services must take into account the information contained in the exempt appendix to the report.

### **5.3 Environmental Implications**

There are several environmental implications of the contract and the council will consider these in the mobilisation of the planned procurement. The following impacts need to be considered:

- Waste management policies and procedures. Ensuring the service meets Hazardous Waste, WEEE and Duty of Care Regulations especially in terms of WEEE disposal, asbestos and the environmental cleaning service.
- Pollution prevention - ensure the service minimises the number of pollution incidents to land, water and air through well managed procedures and operational controls. The service/contractor needs to implement a certified Environmental Management System certified to ISO14001.
- Whole life costing of products purchased; especially in term of products that require energy to function and also the cost of parts for repair.

The successful contractors have confirmed in their submission a commitment towards:

- Carbon awareness training for all staff and supply chain
- Working with bright sparks for reusing all furniture and electrical items
- Maximising local employment and suppliers to reduces unnecessary emissions
- Explore estate schemes to recycling cooking oil into bio fuel
- Operate an ISO 14001 accredited environmental management system
- New bathroom and kitchens installed (where required) – these should improve energy efficiency and work towards using less water
- Contractors will plan daily journeys in and around the borough to minimise emissions and congestion.

### **5.4 Resident Impact Assessment:**

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A resident impact assessment was carried out in April 2016. There is no specific target group for delivery of the contract; the aim is simply to undertake voids work to a high standard and in an agreed timescale. This means that no one group can be demonstrated to be affected, whether negatively or positively, in a disproportionate manner by the delivery of the contract.

## 6. Reasons for the decision: (summary)

6.1 Following a competitive tendering process the following three organisations achieved the highest combined scores for quality and cost: Wates Living Space Ltd, Mitie Property Services Ltd and Pilon Ltd. The total value of the three contracts is estimated at £4.5m per year with a combined total value of £18m over the maximum period of four years. This total value will be split between the three providers based on the volume of work in their allocated areas, as identified in 2.1 of this report.

## 7. Record of the decision:

7.1 I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

**Signed by:** Sean McLaughlin



Corporate Director, Housing and Adult Social  
Services

Date: 7/3/17

## Appendices

- Appendix 1 – exempt from publication

## Background papers:

- None.

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