

Key Decision Report of the Corporate Director of Homes and Neighbourhoods

Officer Key Decision	Date: 26 August 2021	Ward(s): All
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Delete as appropriate	Exempt	Non-exempt
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THE APPENDIX TO THIS REPORT IS NOT FOR PUBLICATION
SUBJECT: Contract Award for Void Re-servicing, Refurbishment and New Tenancy Repairs**1. Synopsis**

- 1.1 This report seeks approval for the award of the Void Re-servicing, Refurbishment and New Tenancy Repairs contract. On 15 October 2020, the Executive gave delegated authority to the Corporate Director of Homes and Neighbourhoods to award this contract in consultation with the Executive Member for Housing and Development.
- 1.2 The Void Re-servicing, Refurbishment and New Tenancy Repairs contract is to be awarded to two contractors for an initial period of 24 months with an optional extension of 24 months in increments of up to 12 months each. The total estimated aggregate value of this contract is £16,576,000 (£4,144,000 per annum).

2. Recommendations

- 2.1 To approve the contract award for Void Reservicing, Refurbishment and New Tenancy Repairs as outlined in this report to:
 - Richwell Construction Ltd
 - Pilon Ltd

For an initial period of 24 months from 1 November 2021 with a right for the council, in its absolute discretion, to extend for two periods of up to 12 months each.

3. Date the decision is to be taken:

26 August 2021 (- taken on 8 September 2021)

4. Background

- 4.1 Islington Council has let an average of 900 properties per year over the last two years, out of a tenanted housing stock of 25,230. Demand for social housing within Islington is extremely high with approximately 14,500 households on the housing register. It is essential that void properties be re-serviced to a high quality standard and in a timely manner to enable the continuation of the cycle of lettings within the borough.

The contract will cover standard void property re-servicing, which involves clearing the property of any lumber, carrying out an electrical test and carrying out any required repairs to ensure the property is clear to be decorated, can be let and is ready to move into by a new tenant.

'Standard plus' properties include the same re-servicing as above, however they may also require a kitchen and/or bathroom replacement. Major works void refurbishment properties may have had a significant repairs history or issues such as dampness or ongoing leaks and will require a full refurbishment in order to bring the property up to a high quality lettable standard. The contract will also include void re-servicing for properties used for General Needs Temporary Accommodation (GNTA) and any required repairs during the first eight weeks of a new tenancy (excluding gas repairs).

Due to the importance of void property lettings and the overall impact that the quality and timeliness of lettings has on residents and Islington Council, having two contractors reduces these risks and is prudent given the return of over 4,000 street properties from PFI2 due in 2022.

- 4.2 This contract has been procured to replace an existing expiring contract. Several options were considered for void works, including insourcing that is already partially being delivered and third party frameworks, however a competitive tender process was considered most effective at this time for the void works.
- 4.3 On 15 October 2020, the Executive approved a strategy for the procurement of a new contract for the provision of Void Re-servicing, Refurbishment and New Tenancy Repairs. The contract was advertised by the council on the London Tenders Portal and Find a Contract. As the contract value was above the threshold for EU purposes, a notice was also posted in Find a Tender (FTS).
- 4.4 This procurement has been conducted in line with the Council's procurement rules and the Public Contracts Regulations 2015. The procurement was conducted using the two stage 'Restricted' procedure.
- 4.5 The contract is to be awarded to the Most Economically Advantageous Tender based on the award criteria set at 60% quality (of which 20% was social value) and 40% cost. Tenderers were required to achieve a minimum standard of a score of three (3) or above for each of the first stage Selection Questionnaire (SQ) and the six (6) highest scoring bidders would be Invited to Tender (ITT). Tenderers were then required to achieve a minimum quality standard

score of three (3) or above for each of their method statement questions in order to have the cost element of their tender evaluated.

4.6 Following the advertisement of the contract, there were 127 expressions of interest and of these, 42 organisations submitted an SQ. The highest scoring six (6) were to be invited to tender, however where any organisations scored the same, they all needed to be invited to tender.

12 organisations were invited to tender and all organisations submitted a bid. Four (4) out of the 12 organisations scored three (3) or more for the quality questions and went on to have the cost element of their submission evaluated.

The quality element was divided into the following sub criteria:

- Proposed approach to Social Value and promoting opportunities for Islington residents, including reducing carbon footprint (20%)
- Proposed approach to mobilisation, resourcing, partnership working and service delivery (10%)
- Proposed approach to varying work volumes and priorities (10%)
- Proposed approach to health and safety (10%)
- Proposed approach to customer service and diversity (5%)
- Proposed approach to quality management (5%)

The cost element was divided into the following sub-criteria:

Percentage breakdown	Description
15%	Rates and prices tendered in section 3 of this Price Framework, the attached Appendix 1, titled Voids Basket Rates
5%	Percentage adjustments to the NHF Voids Ordering Schedule Version 7.1 <u>excluding</u> those sections titled Common Kitchen Repairs, General Carpentry Repairs, Doors and Electrical Repairs.– Section 1.7a
5%	Percentage adjustment to the prices and rates prescribed in the Schedule of Rates, for the sections titled Common Kitchen Repairs, General Carpentry Repairs, Doors and Electrical Repairs only – Section 1.7b
5%	Percentage adjustments to the NHF Schedule of Rates for Responsive Maintenance and Void Property Works Version 6.1 <u>excluding</u> those sections titled Carpentry and Joinery, Fencing and Gates, and Electrical – Section 1.8a
5%	Percentage adjustments to the NHF Schedule of Rates for Responsive Maintenance and Void Property Works Version 6.1 for the sections titled Carpentry and Joinery, Fencing and Gates, and Electrical only – Section 1.8b

2%	DAYWORK – HOURLY CHARGES Inside normal working hours Multi Skilled/Trades Person
1%	DAYWORK – PERCENTAGE ADDITIONS Percentage adjustment for materials
1%	DAYWORK – PERCENTAGE ADDITIONS Percentage adjustment for plant and equipment
1%	Percentage adjustment for directing and supervising approved Specialists
TOTAL 40%	

4.7 The results of the tender evaluation are set out in the attached exempt appendix 1.

5. Implications

5.1 Financial implications:

Voids re-servicing are carried out by both subcontractors and the in-house team, with subcontractors taking on approximately 2/3rds of the work.

The current budget allocation for Voids Subcontractors (prior PFI2) in 2021-22 is £4.327m. The impact of PFI2 returning stock WEF April 2022 is estimated to £350k per annum (2/3rds of a total estimated requirement of £523k). This is accommodated within the current HRA 30 YR B.Plan and will be included as part of the 2022/23 budget setting process.

As such, the annual estimated total Voids Subcontractor budget (post PFI2 stock returning WEF April 2022) from 2022-23 onwards will be £4.677m which is sufficient to contain the proposed contract award estimated at £4.144m per annum.

The estimated contract value of £4.144m per annum is indicative and is based on prior years' data and the cost per void are not fixed amount due to the nature of the work. Therefore, the actual cost of works will be sensitive to the type of void works required and current market conditions.

It is assumed that complex void works (high-cost voids) will be in the scope of capitalisation thus funded as such. However, there is the possibility that some complex void jobs will be classified as revenue, in which case, costs will need to be met from the above budget allocation. Additionally, PFI2 and GNTA/PAP stocks are still new within Repairs therefore there

remains some uncertainty in the level of demand for void works for the mentioned stock types. Finance will monitor these closely to understand the true impact it will have to the budget.

5.2 Legal Implications:

Islington Council has an obligation to keep its housing stock in repair and good condition in order to be able to meet its statutory obligation to those persons to whom it owes a duty to provide housing accommodation (Part 2 of the Housing Act 1985; section 11 of the Landlord and Tenant Act 1985 and Part V11 Housing Act 1996).

In addition the council under the Localism Act 2011 has a general power of competency, as it gives the council the legal capacity to do anything that an individual may generally do subject to any statutory limitations. The council has the power under this section to agree to the proposals in the report.

This report seeks authorisation to approve the contract award for void re-servicing, refurbishment and new tenancy repairs to Richwell Construction Ltd and Pilon Ltd for a period of 24 months with an option to extend for 24 months in 12-month increments.

At a meeting on the 15 October 2020, the Executive gave delegated authority to the Corporate Director of Homes and Neighbourhoods to award this contract in consultation with the Executive Member for Housing and Development.

The total value of the proposed contract is £16,576,000 (£4,144,000 per annum) for 24 months with the option to extend for 24 months. The contract is over the threshold for works (£663,540) for the purpose of advertisement under the Public Contract Regulations 2015 (as amended) (PCR).

The procurement must also comply with the council's Procurement Rules that require that contracts over the value of £663,540 are subject to a competitive tender. It has been outlined in the body of the report that the contract has been procured with advertisement and competitive tendering in compliance with the PCR and the council's Procurement Rules.

The Local Government Act 1999, requires the council to make arrangements to achieve best value in the exercise of its functions, which includes the works detailed in the body of the report. The tenders received were evaluated against a price- quality ratio of 60% quality and 40% cost. Officers are satisfied that the successful bids from Richwell Construction Ltd and Pilon Ltd represents the most economically advantageous tender for the council overall.

The decision maker can approve the recommendations provided they are satisfied with the contents of the report and the recommendations represents best value for the council.

5.3 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:

Carrying out void property re-servicing work has several environmental impacts. During the void

Re-servicing process, new materials will be used, as well as energy for the plant and equipment, which could cause on-site emissions if powered by fossil fuels. The works will

generate waste and there is a risk to biodiversity when working in roof spaces or around trees. In addition, the contractor will be using vehicles to arrive at and deliver materials to sites, which will contribute to air pollution (unless electric vehicles are used) and congestion.

Provision has been made within the contract specification and contractor selection criteria to mitigate impact for each of the above, with reference to relevant legislation and the stipulation that the contractor must adhere to the requirement of the Councils Housing HSE Code of Conduct for Contractors and appropriate legislation.

The Contractor should ensure that waste materials are kept to a minimum and that waste leaving sites is reused or recycled where practicable. The Contractor will have a duty of care to ensure that any waste disposal is carried out legally and in alignment with the waste hierarchy. In addition, Contractors will be encouraged to use low or zero emission vehicles. Where possible, the Contractor should use recycled or sustainably produced materials. The contractor will install energy saving replacement parts where possible and if compatible. Where complete renewals are required, then energy saving replacements will be considered, such as LED light fittings and water saving flush toilets.

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 completed on 22 July 2021 and the summary is included below. The completed Resident Impact Assessment is attached as Appendix 2.

It is anticipated that the delivery of this service will not have any negative impact on any persons within the protected characteristics groups. The delivery of the contract will have a positive impact on all residents including those with protected characteristics and it is designed to ensure that residents within the borough listed on the housing register, have an opportunity to access social housing that is in a high quality lettable standard and ready to move into.

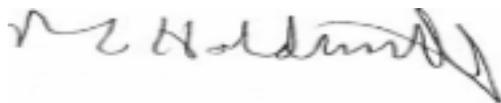
6. Reasons for the decision:

- 6.1 The two successful contractors selected for the award of the contract for Contract Award for Void Re-servicing, Refurbishment and New Tenancy Repairs, Richwell Construction Ltd and Pilon Ltd, achieved the highest overall scores and met or exceeded the minimum requirements of the quality criteria of their tender.

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:



Maxine Holdsworth

Corporate Director of Homes and
Neighbourhoods

Date 8 September 2021

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