

**Decision of:** Corporate Director of Housing and Adult Social Services

<b>Meeting of:</b>	<b>Date 14 January 2016</b>	<b>Ward(s)</b>
Officer key decision		All

<b>Delete as appropriate</b>	<b>Exempt</b>	<b>Non-exempt</b>
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**THE APPENDIX TO THIS REPORT IS NOT FOR PUBLICATION**

**SUBJECT: Contract award for Electrical Repairs and Maintenance including out of hours (North & South)**

**1. Synopsis**

- 1.1 A key decision was made in May 2015 to commence procurement of Electrical Repairs contracts (day to day and out of hours) for the north & south of the borough. The Corporate Director of Housing and Adult Social Services has agreed to let these contracts following completion of this procurement process.
- 1.2 The housing electrical repairs (north & south) contracts will be awarded to two contractors for an initial period of up to 24 months with the possibility of one further extension for a further 24 month period. The total contract duration is 48 months including the extension. The total value of the electrical repairs contract is £2,360,000 (£590,000 per annum)
- 1.3 Following the PQQ stage of the process, five contractors were invited at the ITT stage to submit tenders for the Electrical Repairs and Maintenance contract. Four of the five contractors submitted tenders.  
  
Following the ITT stage and a two stage consultation process with leaseholders, two contractors have been selected for award of the Electrical Repairs contract.
- 1.4 The tender submissions were assessed based on the following criteria:  
70% price and 30% quality.
- 1.5 The results of the tender evaluation are set out in the attached appendix 1.

## 2. Recommendations

2.1 To award the contract for Electrical Repairs and Maintenance works, including out of hours, to:

- AJS Limited, Farley House, Kinvara Business Park, 22-42 Freshwater Road, Dagenham, Essex, RM8 1RY.
- Lightside Limited, Leigh House, Weald Road, Brentwood, Essex, CM14 4SX

for an initial period of 24 months from 1<sup>st</sup> February 2016 with a right for the Council, in its absolute discretion, to extend the contract for one period of up to 24 months.

## 3. Background

3.1 The Council provides responsive repairs services to approximately 29,000 properties. The service has a budget of £28.1m for 2014/15 for the delivery of approximately 45,000 repairs, 1,200 voids and a number of planned maintenance jobs. Electrical repairs such as domestic, communal and estate lighting, account for around £500K of those repairs a year.

In order to support the in-house repairs services it is necessary to procure a supply chain of contractors to provide both specialist technical support and additional support to the in-house team during busier, 'peak' times.

3.2 In preparation for bringing in-house the housing repairs service from Kier in August 2014, the Council undertook a procurement exercise for electrical repairs and maintenance works including out of hours cover and awarded this contract to two contractors on 13<sup>th</sup> June 2014. Unfortunately in April 2015 one of the contractors advised they would be terminating their services with the Council that were not due to end for another two months, on 30<sup>th</sup> June 2015. An extension of the contract was offered for a further period of 12 months starting on 1<sup>st</sup> July 2015; however this was not accepted by the contractor.

As a result of this, the Corporate Director of Housing and Adult Social Services decided on the 21<sup>st</sup> May 2015 to re-procure the Electrical Repairs and Maintenance contract, including out of hours.

3.3 The Council proposed to procure two electrical maintenance contracts in order to support the in-house repairs team. The in-house repairs team are reliant on external contractors to provide additional services during peak and busy times of the year, such as communal and estate lighting during the winter months.

The Council launched the procurement for these contracts in June 2015 for the North and South of the borough. The contracts were advertised on the London Tenders Portal and in the OJEU.

The tender criteria were set at 70% cost and 30% quality. The tenderers were required to score a minimum of three (3) or above for each of the questions within the quality criteria. The results of the tender evaluation are set out in the attached exempt appendix 1.

3.4 A two stage consultation process took place with leaseholders, with one observation being made and the queries raised being responded to.

3.5 The contract conditions state that each contractor will pay its employees no less the London Living Wage as defined within the terms and that the contractor will ensure any sub-contractors do the same in delivery of the services for the Council.

3.6 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. The Information Commissioner has published examples of organisations found guilty of blacklisting within the construction industry, albeit prior to the coming into the operation of those regulations. At full Council 26 March 2013, a motion was passed that called "upon the Leader to ask the Chief Executive to review

the council's procurement processes to ensure that the involvement of tenderers in this practice can be taken into account where legally possible." The Council has verified that none of the organisations recommended to be awarded contracts or receive contract extensions in this report are included on the published list of blacklisting organisations.

## **4. Implications**

### **4.1 Financial implications**

The Council has an obligation to keep its housing properties in good repair and the installations therein (Part 2 of the Housing Act 1985; section 11 of the Landlord and Tenant Act 1985; tenancy conditions and RTB lease).

The contracts are for a period in excess of 12 months and therefore will be qualifying long term agreements under section 20 of the Landlord and Tenant Act 1985. Accordingly leaseholders have been consulted as required under the Service Charges (Consultation Requirements) (England) Regulations 2003 (as amended).

The value of the proposed contracts amount to £2,360,000. The Corporate Director for Housing and Adult Social Services has delegated authority to award contracts up to the value of £5,000,000 (Council's Procurement Rule 18.1.2).

The threshold for application of the Public Contracts Regulations 2015 (the Regulations) is currently £4,322,012.00 for works contracts. Contracts below this value do not need to comply with the full provisions of the Regulations. They do however need to be procured in compliance with the Treaty principles of equal treatment, non-discrimination and fair competition. The Council's Procurement Rules require contracts over the value of £172,514.00 to be subject to competitive tender. In compliance with the principles underpinning the Regulations and the council's Procurement Rules a competitive tendering procedure with advertisement has been used.

Bids were subject to evaluation in accordance with the tender evaluation model. Accordingly the contracts may be awarded to the tenderers as recommended in the report.

In deciding whether to award the contract to the recommended tenderers the Corporate Director for Housing and Adult Social Services should be satisfied as to the competence of the tenderers to carry out the works 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.

### **4.2 Legal Implications**

The Electrical Repairs and Maintenance service is currently funded by the Council's Housing Repairs Budget (2015-16 budget of £32.1m). The Electrical Repairs and Maintenance service is provided by the In-house Repairs Team and supported by a supply chain of sub-contractors. The current budget allocation for all sub-contractors (of which electrical repairs is a part) is £5.2m.

The 2015-16 forecast outturn in respect of the current electrical repairs subcontractor costs is around £500k.

The report indicates that the estimated total cost of the two contracts over the 24 month life will be £1.18m (approx. £0.59m per contractor). If the option to extend both contracts for a further 24 months is exercised, the total cost over the 48 month life is estimated to be £2.36m (approx. £1.18m per contractor).

Annually this equates to a total cost of £590k which broadly reflects current demand/expenditure levels.

### **4.3 Environmental Implications**

This contract will have some environmental implications, including waste generation, resource usage, travel and risk to biodiversity. In the process of carrying out repairs, the contractors will generate waste and have a duty of care to ensure that waste is disposed of legally and in alignment with the waste hierarchy. The repairs will require resource usage when old fittings are replaced, and the whole-life costs of any products used should be considered. The process of carrying out repairs carries a risk of disturbing protected species that live in the building fabric, e.g. nesting birds, bats etc., and the contractor's staff should be able to identify potential risks to avoid disturbance. The contractors will also be required to travel to sites to carry out repairs, but as this is an out-of-hours service, it is unlikely that this can be mitigated.

#### 4.4 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 full RIA (previously titled EIA) is in place where all potential equalities issues have been considered. This has been shared with the HASS equalities board for scrutiny to ensure it is robust in its consideration of these issues.

### 5. Reasons for the decision

- 5.1 On 21<sup>st</sup> of May 2015 the Executive agreed to delegate authority to the Corporate Director of Housing and Adult Social Services, in consultation with the Executive Member for Housing and Development, to award these contracts required to support the in-house housing repairs service following completion of this tender process.

The two successful contractors selected for the award of the electrical repairs contract scored the highest overall scores and met or exceeded the minimum requirements of the quality criteria of their tenders.

### 6. Record of the decision

- 6.1 I have today decided to take the decision set out in paragraph 2.1 of this report for the reasons set out as above.

#### Appendices

- Appendix 1 - tender evaluation. Exempt from publication.



Signed by:

**Corporate Director/ Assistant Chief Executive of Housing  
and Adult Social Services**

**Date: 14/1/16**

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