

DATE OF COMMITTEE  
14<sup>th</sup> December 2011

### Report of the Portfolio Holder for Quality of Life

#### **AWARD OF CONTRACTS FOR REPAIRS AND INVESTMENT; GAS SERVICING, REPAIRS AND INSTALLATIONS AND CDM CO-ORDINATOR SERVICES FOR THE COUNCILS HOUSING PROPERTY PORTFOLIO**

##### **EXEMPT INFORMATION**

*The attachment is not for publication because the report contains exempt information as defined in paragraphs 3 of Part 1, Schedule 12a of the Local Government Act 1972*

The names of contractors submitting tenders are attached on appendices 1 - 3. The OJEU process requires a 10 day mandatory standstill period to allow for challenges to the proposed award. The winning contractor in each category is to remain confidential until the end of the standstill period.

##### **PURPOSE**

The purpose of this report is to:-

- Provide details of the procurement process around the Repairs and Investment; Gas Servicing, Maintenance and Installation; and CDM Co-ordinator Services Contracts.
- Provide details of the contract award process and project timetable for implementation of the new contracts.
- To seek approval to enter into formal contracts with the Service Providers submitting the most economically advantageous tender submissions.

##### **RECOMMENDATIONS**

**Members are asked to:-**

1. Note the application of the OJEU tender process.
2. Approve award of the Repairs and Investment contract to CONTRACTOR A on the attached confidential appendix 1.
3. Approve award of the Gas Servicing, Repairs and Installations contract to CONTRACTOR A on the attached confidential appendix 2.
4. Approve award of the CDM Co-ordinator Services contract to CONTRACTOR A on the attached confidential appendix 3.

##### **RESOURCE IMPLICATIONS**

- Contracts will be awarded using the Most Economically Advantageous (MEAT) approach which will not necessarily be the cheapest.
- The narrow spread of tendered costs demonstrates that the tenders submitted represent current market values and achieve value for money.
- Having assessed the costs of the current contract against the new NATFED schedules it is anticipated that the response element will be more expensive during the transition. It is difficult to compare like for like exactly but it is estimated that this will be around £200k more in 2012/13. However officers have predicted that this cost can be partially offset by:-

1. a reduced repairing liability, in the region of £13,000
2. an overall reduction in the gas servicing costs of £60,000
3. Savings from using a handy person scheme which will further reduce responsive expenditure by around £50,000

It is estimated that there will be a reduction in the cost of major planned works of around £770,000 based on the current major planned works programme.

On this basis it is expected that in the medium term the overall effect will be cost neutral. Members should note that transitional costs will be reflected, and reported, to ensure costs contained within existing budgets and service levels are maintained in accordance with the new Repairs Policy. It should also be noted that there may be added opportunities afforded through council housing finance reform.

- The costs of the CDM Coordinator services are taken as a direct over head to the Repairs & Investment and Gas servicing contracts.
- By letting the Repairs and Investment Contract as a combined contract and implementing a new repairs policy there will be a move from responsive repairs to planned works which will allow us to realise and benefit from the greater cost reductions being achieved on the planned works programme.
- Medium and long term business plans will reflect the shift from responsive to planned maintenance and will take account of the beneficial financial impact that this will have.

#### **LEGAL/RISK IMPLICATIONS BACKGROUND**

Public Procurement rules require a mandatory standstill period of 10 days to give unsuccessful tenderers an opportunity to appeal. This has been extended to 15 days to ensure that opportunity for feedback has been given. Contracts cannot be let until the end of the standstill period. Any challenge at this stage could result in contracts not being in place at the expiry of the current contracts. There will also be costs associated with any challenge and these could prove to be significant.

#### *Key Risks*

Challenge under OJEU Process – this could result in indeterminate delays; whilst the challenge remains unresolved no contracts can be awarded. To mitigate the whole tender process has been conducted in an open and transparent manner and suitable feedback will be given at an early stage so as to reduce the risk of challenge. As costs have come in within a narrow range it is unlikely that challenge on the basis of cost will occur.

Failure to Mobilise – Mobilisation will need to commence immediately upon the end of the standstill period. A mobilisation plan is being developed and during the transitional phase there are likely to be added costs as resources are realigned to meet the business requirements.

TUPE – TUPE is likely to apply to one or more of the contractors currently engaged by Tamworth Borough Council; although the liability for resolving TUPE issues lies firmly with the incumbent and incoming contractors failure to agree TUPE terms early could result in delays. Early action will be taken through the mobilisation phase of the project to ensure that TUPE issues are identified and actioned.

#### **SUSTAINABILITY IMPLICATIONS**

The combined contract value of these 3 services is in the region of £60 million over the next 5-7 years. This represents a significant and direct contribution to achieving corporate ambitions. Contractors selected will make provision for apprenticeships, help to stimulate the local economy by working with small businesses and local

suppliers and invest in the technological infrastructure helping to promote Tamworth as a great place.

## **CONCLUSIONS**

- The tender process has followed the recognised Restricted Route of the OJEU tender process.
- In each case Contractor A has submitted the most economically advantageous tender bid and should be awarded the contract on the basis of their submission
- There is a mandatory standstill period and no contract can be awarded until the end of the period

## **BACKGROUND INFORMATION**

### *Tender Process*

Tenders were invited using the restricted route of the OJEU procurement process in respect of three separate contracts.

- Repairs and Investment Works
- Gas Servicing, repairs and installation works
- CDM Co-ordinator services

Following the initial prequalification questionnaire (PQQ) stage of the process 8 suppliers from each category were invited to submit formal tender bids.

Tenders were invited using the Most Economically Advantageous Tender (MEAT) approach; using an assessment of both cost and quality, the ratio being 60% cost to 40% quality.

In all three cases the quality element was assessed using the method statements supplied by the tenderers and measured against a pre-determined criteria and score sheet. Members of the Tenant Consultative Group (TCG) were involved in elements of the scoring process.

The procurement process has been robust, the tendered sums were within a relatively narrow band and reflect current market value for work of this nature. Robust contract management procedures will further ensure that the contract delivers value for money.

For the Repairs & Investment and Gas contracts the cost element was measured against a standard schedule of rates (NHF Schedule). The CDM costs are calculated as a percentage fee against the overall repairs, investment and gas contract works.

## **REPORT AUTHOR**

Paul Weston, Head of Asset Management

## **LIST OF BACKGROUND PAPERS**

## **APPENDICES**

Appendix 1 – Repairs and Investment Contractor list; to remain confidential until contracts are let.

Appendix 2 – Gas Servicing, Repairs and Installation Contractor list; to remain confidential until contracts are let.

Appendix 3 – CDM Coordinator Contractor list; to remain confidential until contracts are let.

This page is intentionally left blank