
Meeting: Executive
Date: 27 March 2012
Subject: Award of the Housing Responsive Repairs and Void Refurbishment Contracts 2012 -2019
Report of: Cllr Carole Hegley, Executive Member for Social Care, Health and Housing
Summary: The report proposes to award the Contract for Housing Responsive Repairs and Void Refurbishment Service 2012 -2019.

Advising Officer: Julie Ogley, Director of Social Care, Health and Housing
Contact Officer: Basil Quinn – Housing Asset Manager & Carol Rooker Head of Housing Management
Public/Exempt: Public but with an exempt appendix under category number 3 “information relating to the financial or business affairs of any particular person (including the authority holding that information)”.
Wards Affected: All wards in the south of Central Bedfordshire
Function of: Executive
Key Decision Yes
Reason for urgency/ exemption from call-in (if appropriate) N/A

CORPORATE IMPLICATIONS

Council Priorities:

The actions support the Council priorities:

- Supporting and caring for an ageing population
- Managing growth effectively
- Creating safer communities

Financial:

1. The value of the contract per annum is £1,275K for Responsive Repairs and £800K for Voids refurbishment. These sums are included in the Landlord Services Business Plan. The contract evaluation is based upon an equal price and quality assessment to help ensure value for money from the contract.

Legal:

2. Independent legal advice was obtained on the format and contents of the contract notice, the pre qualification questionnaire, contract evaluation process and invitation to tender documentation. Although the Invitation to Tender was made jointly with Aragon Housing Association, any contracts resulting from the procurement process are to be entered into separately by the respective Organisation/Client and the successful tendering contractor(s).

Risk Management:

3. The following risks have been identified:

Service Delivery Risk :

If the contract is not awarded there are risks to business continuity, in particular to the safety of the Council's tenants.

Service Delivery Risk arising from the same contractors being awarded both the Responsive Repairs and Void Refurbishment Work:

The evaluation of the tenders included a risk factor adjustment. If the outcome of the tender evaluation process would have resulted in the same contractor delivering both Responsive Repairs and Void Refurbishment Works for either or both Clients, a deduction was applied to the marks awarded to the contractors' quality part of their tender.

The procedure of this risk deduction was clearly outlined in the invitation to tender documents. The deduction made was to reflect the delivery risks that this would cause for the client. Legal advice was obtained to minimise this risk.

4. **Failure to follow Procurement/OJEU rules:**

This has been mitigated by obtaining procurement and legal advice.

Risk of Reputational Damage if a satisfactory service is not delivered.

Failure to Discharge Statutory duty.

Staffing (including Trades Unions):

5. This service is subject to a TUPE transfer of the existing staff from the current contractor providing the service to any new contractors.

Equalities/Human Rights:

6. Equality and diversity are key issues for all directorates within Central Bedfordshire Council. We expect our contractors to comply with our Corporate Equalities Policy and incorporate this commitment within their method statements. As part of ongoing contract monitoring arrangements the Council will check that statutory service delivery and employment requirements relating to equality are being met.

7. Public authorities have a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
8. The Equality Impact Assessment (EIA) highlighted that joint procurement with a housing association may cause conflicts with the Council's equality duties. The jointly procured contractor will be delivering a public function for the Council but not for Aragon Housing Association; therefore the Council will require an enhanced level of Equality Act compliance compared to Aragon Housing Association. To remedy this, the Council is ensuring that all parties are aware of the Council's legal requirements and that the joint procurement with Aragon Housing Association should not have a detrimental impact on meeting these requirements.
9. The EIA also highlighted that tenants' low-level repair obligations such as replacing light bulbs are universal; there are no concessions for vulnerable people although there is support available for older or vulnerable people with activities such as decorating.
10. Tenants at risk of hate crime because of their race, sexual orientation, disability and gender reassignment and those at risk of domestic violence such as women may be detrimentally affected by this service because there is no priority attached to the need for repairs caused by hate crime or domestic violence and there is the risk that those repairs may also be the responsibility of the victim who could be recharged for the repairs service. To mitigate this, Contact Centre staff will receive training to understand hate crime and domestic violence and the need to prioritise these repairs.
11. There is also officer discretion in the implementation of the recharging repairs policy and these officers will be made aware of the need to consider that the damage may have been caused by hate crime or domestic violence and so should be dealt with sensitively.

Public Health:

12. There are no public health implications from this report. The Repairs service remedies urgent situations that may pose a threat to tenants' health in their homes.

Community Safety:

13. Not applicable

Sustainability:

14. Not applicable

Procurement:

15. Procurement was undertaken jointly between the Council and Aragon Housing Association. The contract has been tendered in accordance with the Council's Corporate Procurement Rules and the OJEU (Official Journal of European Union) Procurement Legislation. Legal advice has been obtained endorsing the procedures adopted and the Tender / Contract documents being used.

Overview and Scrutiny:

16. This matter has not been considered by Overview and Scrutiny.

RECOMMENDATIONS:**The Executive is asked to:**

1. **award the Contract for Housing Responsive Repairs Service part of lot 5 to contractor C, as set out in the exempt Appendix; and**
2. **award the Contract for Housing Void Refurbishment Service part of lot 6 to contractor A, as set out in the exempt Appendix.**

Reason for Recommendations: So that Housing Responsive Repairs and Void Refurbishment Service is maintained and delivered at the end of the existing contract.

Executive Summary

17. This report outlines the outcome of the tendering of the Housing Responsive Repairs and Void Refurbishment Service. This contract was re-procured jointly with Aragon Housing Association. The contract covers repairs and voids works to Aragon's 6,500 properties and the Council's 5,200 properties. The repairs service is the most used and valued service by tenants.
18. Although the Invitation to Tender was made jointly, any contracts resulting from the procurement process are to be entered into separately by the respective Organisation /Client and the successful tendering contractor.
19. The contracts should provide improved value for money for the Council in times of financial constraint and also deliver good quality customer care for residents, with the standard of service being equal if not higher than the service currently provided by the existing contractor.

Background

20. Central Bedfordshire Council and Aragon Housing Association's responsive and voids maintenance contracts are ending in 2012 (September 12 and June 12 respectively). Consequently, the opportunity arose for the joint procurement of this service contract. The jointly procured contract covers Aragon's 6,500 properties and the Council's 5,200 properties. The contract requires the undertaking of a combined total of around 30,000 responsive repairs (all trades) and repairs to 1,500 void (empty) properties each year. The contracts also includes emergency out of hours repairs and minor aids and adaptations works. The repairs service is the most frequently accessed and valued service by tenants.
21. Joint procurement has further expanded the close relationship between Aragon and Central Bedfordshire Council that has been developed on recent projects. The joint procurement for the re-tendering of the responsive repairs and voids maintenance service contracts is a good fit for both organisations and presents an opportunity to demonstrate collaboration and innovation between a Housing Association and a Local Authority. Joint procurement provides an opportunity to pool expertise, learn from each other, maximise resources, share risks, generate economies of scale, and establishes potential for further joint working on housing maintenance contracts in the future. It provides us with the opportunity to improve service delivery and improve value for money.
22. A Joint Procurement Panel made up of Members, officers and tenants from Central Bedfordshire Council and Aragon Housing Association was established to oversee the retendering of this service. Five meetings have taken place over the last 9 months, with a chair independent of both organisations.

The Contract

23. An established Tender Documentation, called M3NHMF Schedule of rates 6.1 (Measured Term Contract), provided in March 2011 formed the basis of the Contract. Using this type of contract the Contractor is paid only for works carried out on individual responsive repairs or void repair orders. Agreed variation orders are then raised for any adjustments to the original works, before the contractor is paid any additional sums. All differences between the Council and Aragon's contractual requirements, working practices, policies and procedures were identified and resolved before the document was drafted so that the contracts are set up to ensure that both parties benefit equally in respect of matters such as value for money, performance, etc.

24. Other facts relating to the documents are as follows:

- i) Although the joint procurement process will not result in a joint contract, provision has been made for a Core Group to be set up to monitor and compare contractor performance across all contracts, ensuring consistency in quality between the contracts.
- ii) Although the NHF Schedule of Rates doesn't specifically cater for continuous improvement and efficiency gains, provision has been made in the document, making it a contractual requirement for the parties to review these aspects on an ongoing basis.
- iii) An incentive 'Bonus and Default' clause has been included in the contract to drive continuous improvement in Key Performance Indicator results.
- iv) Each contract contains a Break Clause; so that the parties can determine the contract should there be any unacceptable performance issues.
- v) Flexibility and contingency arrangements (in the event of a failure of either party's contract) have been included in the contract documentation, allowing either organisation to use each others contractor.

Legal advice has been obtained endorsing the procedures adopted and the Tender / Contract documents being used.

25. To reduce the risk, the contract was split into 6 lots;

Two lots for Aragon's Responsive Repairs and Void Refurbishment Works.

Two lots for the Council's Responsive Repairs and Void Refurbishment Works.

Lots 5 and 6 were combined lots for Aragon and Council Responsive Repairs and Void Refurbishment Works. Combined lots were included to establish if better value could be obtained should the same Tendering contractor be awarded either both Responsive Repair Contracts or both Void Refurbishment Works Contracts.

26. A risk factor was included in the tender documents to reduce the risk of any contractor winning all of the lots. Regardless of how lots are awarded, the successful contractor(s) are expected to enter into a separate contract(s) with Aragon Housing Association and the Council.

Tender Evaluation

27. An OJEU notice for the joint procurement of this service was issued on the 15 July 2011. Twenty seven pre qualification questionnaires were received on the 25 August 2011, and eight contractors were shortlisted. This resulted in seven contractors being selected to tender for the Responsive Repairs contracts and seven contractors being selected to tender for the Voids Refurbishment contracts. Six of the seven contractors are the same on each Tender list.

28. Four contractors declined to tender with various reasons given. Contractor 1 stated “due to existing workload, we could not tender”, Contractor 2 stated “the shape of the operational and commercial model will not enable them to put forward a competitive tender” Contractor 3 stated “as a result of current intense tender activity including competitive dialogue, plus mobilisations that we have for the coming year, we felt it inappropriate to tender”, and Contractor 4 stated “we have evaluated the value of the opportunity in relation to our current operations in the area and their position relative to, and the number of other qualifiers”. Four tenders were received by the closing date and therefore evaluated.
29. The Standard Award Criteria Evaluation Model is a points system based upon 50% of the marks being awarded for financial submissions and 50% of the marks being awarded for quality method statement submissions/site reality checks. The criteria for assessment of quality covered six specific areas; Mobilisation and Implementation, Resources to be allocated, Quality control and Performance Management, IT systems, Customer care and Efficiency, Innovation and Improvement.
30. A joint evaluation panel made up of officers and tenants from Central Bedfordshire Council and Aragon was established to evaluate all tender bids. Reality check site visits were undertaken on the information provided in the quality method statements and scores adjusted as appropriate in light of the findings from the site visits. This was to ensure that information provided in Method Statements was substantiated and that quality is fairly and properly measured across all Tenders being evaluated.
31. The document was drafted with a ‘Risk Factor Adjustment,’ which amends the Tender scoring should the situation arise where the same contractor wins the Responsive Repairs and the Void Refurbishment contracts for the same organisation. It is prohibited under EU procurement legislation to prevent the awarding of contracts to a single contractor where they have won the tendering evaluation for both contracts and award it to another contractor. Consequently a ‘Risk Factor Adjustment’ is built into the quality evaluation.

Appendices:

Appendix A – Exempt report Award of the Housing Responsive Repairs and Void Refurbishment Contracts 2012 -2019

Background Papers: (open to public inspection) None