

## Report for Resolution

<b>Report to</b>	Cabinet 14 March 2012
<b>Report of</b>	Director of Regeneration & Development
<b>Subject</b>	Award of the contract for housing improvements and upgrades

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Item

13

### Purpose

To advise cabinet of the tender process for the housing improvements and upgrades contract carried out by Eastern Procurement Consortium (EPC) and seek authority to award the contract.

### Recommendations

1. To agree the award of a contract to Foster Property Maintenance Limited under the EPC framework for housing improvements and upgrades for an initial four year period with an option to extend for a further two years
2. To commit to spend up to £14.5m for 2012/13 through this contract to be financed from the approved Housing Capital Programme.

### Financial Consequences

The financial consequences of this report are awarding a contract up to £14.5m for 2012/13 to be financed from existing budgets within the Housing Capital Programme. Spend in future years will be covered within the Council's budget process and there is no commitment in terms of volumes.

### Risk Assessment

- 1) Risk of challenge from unsuccessful or other suppliers.

The tender has followed a restricted process carried out by EPC with input from officers in terms of evaluation etc, with award criteria being based on the most economically advantageous tender, but there is always a risk of challenge from unsuccessful suppliers. All unsuccessful suppliers have been notified with no adverse comments to date.

- 2) Risk of supplier failure

There is a risk that the appointed supplier could fail during the life of the contract. This is low risk as the Council is not investing in the supplier and so the risk is one of service continuity rather than financial, which is further mitigated by the fact that this contract is planned in nature.

## **Strategic Priority and Outcome/Service Priorities**

The report helps to meet the strategic priority “Safe and healthy neighbourhoods – working in partnership with residents to create neighbourhoods where people feel secure, where the streets are clean and well maintained, where there is good quality housing and local amenities and where there are active local communities”.

**Executive Member:** Councillor MacDonald - Housing

**Ward:** All

### **Contact Officers**

Chris Rayner, Head of property services

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### **Background Documents**

Report to Cabinet 13 July 2011 “Contracts for works and services for housing properties”

## **Report**

### **Background**

1. The Eastern Procurement Consortium (EPC) is a local consortium of 10 small/medium Registered Providers (RSL's) who have 'joined together' to procure housing maintenance and improvement works. EPC is based at Saffron Housing Trust in Long Stratton and has a number of responsive, cyclical and planned contracts in place which are all OJEU compliant from a procurement perspective. In effect EPC procure contracts on behalf of its members to then take advantage of and has the significant collective advantage of increasing buying power and taking the burden of procurement away from individual members. The group has been in existence now for around 6 years and the Council successfully joined the consortium in October 2011.
2. As members of EPC the Council can take advantage of any EPC contracts, and can decide to procure work elsewhere. In this way the Council retains complete control of its procurement function, can benefit from the EPC arrangements, and, at the same time, has no commitment to use the EPC framework.
3. The Council's current kitchen, bathroom and heating upgrade/improvement contract is being delivered (by a contractor called Foster Property Maintenance Limited, an SME company based in Wisbech with a regional office in Norwich) under the EPC framework agreement. However, this framework ends on 31<sup>st</sup> March 2012 and no further work can be awarded.
4. EPC have therefore carried out a fully OJEU compliant procurement process to ensure a new framework is in place from April 2012. The process is now complete and Foster Property Maintenance have once again been successful.
5. This particular contract is 4 years in duration with an option to extend for a further 2 years however as outlined in paragraph 2 the Council do not have to commit to anything at all and at present the commitment is for 2012/13 only and will be reviewed on an annual basis.
6. Cabinet is asked to approve the award of a contract under the EPC framework for replacement kitchens, bathrooms, roofing, electrical rewiring and heating upgrades and boiler replacements.

### **Tender process**

7. A restricted tendering process has been used. This involves a pre-qualification stage to evaluate the supplier followed by a tender stage to evaluate the tender proposals from short listed suppliers.
8. A contract notice was placed on the Open Journal of the European Union inviting tenders.
9. Suppliers were asked to submit details of their company in terms of finance, contractual matters, technical and professional ability, insurances, quality

assurance, environmental standards, equality and diversity policies, references and previous experience and these were then evaluated and suppliers shortlisted. Some suppliers were not shortlisted because they did not provide sufficient evidence of the required criteria.

10. Shortlisted suppliers submitted details of how they would meet the requirement outlined within the tender documents.

### **Tender evaluation**

11. The evaluation criteria were stated in the tender documents as most economically advantageous tender based on a combination of price (70%) and quality (30%).
12. For quality a series of questions was used and supplier's answers were evaluated to award a score for quality.
13. For the price evaluation the lowest price was awarded full marks with other prices compared to that price and marks allocated based on the percentage difference from the lowest price. For example a price that was 25% more expensive was awarded 75% of the marks available.
14. Officers from all organisations within EPC (including the Council) took part in the drafting of the tender documentation and the evaluation process.

### **Evaluation Results**

15. The highest scoring tender, when both the quality and price scores were added together, was submitted by Foster Property Maintenance Limited and notification has been given to Foster Property Maintenance Limited that it is the successful supplier. Unsuccessful suppliers have also been notified.
16. Foster Property Maintenance Limited performed well in both criteria.

### **Finance**

17. The Housing Capital Programme budget makes provision for housing improvement work included within this contract and the cost for 2012/13 is within the allocated budget.