

Report to Cabinet
13 June 2018
Report of Director of neighbourhoods
Subject Procurement of various housing upgrades and
maintenance contracts

Item

10

KEY DECISION

Purpose

To seek approval from cabinet to award two contracts and to delegate authority to the director of neighbourhood services in consultation with the deputy leader and cabinet member for social housing to award two contracts.

Recommendations

To:

- (1) approve the award of the external redecoration contract to Mitie Property Services (UK) Ltd;
- (2) delegate authority to the director of neighbourhoods in consultation with the deputy leader and social housing portfolio holder, to award contracts to the best value suppliers for loft and cavity wall insulation, and thermodynamic hot water systems; and
- (3) approve the award of the lift maintenance contract to Otis Ltd for a period of up to four years.

Corporate and service priorities

The report helps to meet the corporate priority a healthy city with good housing.

Financial implications

The costs arising from this decision will be met from approved budgetary provision within the HRA capital and revenue programme for 2018/19 and the General fund revenue provision for non-housing repairs and maintenance.

Ward/s: Multiple Wards

Cabinet member: Councillor Harris - Deputy leader and social housing

Contact officer

Lee Robson, head of neighbourhood housing 01603 212939

Carol Marney, associate director NPS Norwich 01603 227904

Background documents

None

Report

Introduction

1. The council has a programme of housing repairs, servicing and upgrades implemented via a number of term contracts, framework contracts and ad-hoc tenders. This report seeks authority to award a number of contracts relating to:
 - External redecoration of housing properties
 - Installation of loft and cavity wall insulation
 - Installation of thermodynamic hot water systems
 - Lift maintenance
2. The council owns 15,000 housing properties that contain painted elements such as doors, windows and roof soffits. Whilst the majority of doors and windows have been replaced with UPVC over the last five years there continues to be a need to redecorate those elements that remain, particularly in communal flat blocks.
3. NPS Norwich (NPSN) introduced a five-year cyclical plan for external redecoration, including internal communal areas, during 2013 to 2018. Mitie Property Services (UK) Limited was awarded this contract following an OJEU tender process. This contract came to an end 31 March 2018.
4. The full cycle was not achievable over the five years, and a further year during 2018/19 is required to achieve the full cycle of external decorating.
5. Fuel poverty is a significant issue for many council tenants but it can be reduced through the installation of various improvements. The council has been installing loft and cavity wall insulation for a number of years. Last year of the 407 properties that received additional insulation, 153 were situated in areas of high deprivation.
6. This area of work is one of the council's ongoing programmes to help residents who experience fuel poverty. This includes the big switch and save programme and winter wellbeing conference which contribute to implementation of the council's affordable warmth strategy. Taking all of these measures together, fuel poverty for all residents in Norwich has decreased from 12.2% to 9.9% since 2012, against a national backdrop of increasing fuel poverty and rising energy prices and the investment in the council's own stock plays a vital role in this.
7. The programme targets homes that have been identified as having low levels of insulation, observed during various surveys. This year's list of 500 homes contains 224 within areas of high deprivation.
8. NPS Norwich are continuing to deliver an installation programme of thermodynamic hot water systems into tenants' homes. A single panel on the roof of each property creates hot water and significantly reduces the need to heat water via gas or electricity. Savings will vary according to hot water usage but are typically in the range of £180 to £350 in a year. A further benefit is that boiler life is extended due to the lower demand.

9. The council, along with NPS Norwich and contractor, Impact Renewables, won an award for best small scale project at the East of England energy efficiency awards. This related to last year's programme of installation of thermodynamic hot water systems in council properties. The project has been nominated for the National Energy Efficiency Awards.
10. This report outlines the procurement process for both energy saving projects and seeks approval to delegate authority to award the contracts.
11. All of the above mentioned energy saving improvements would contribute to an overall reduction in household fuel bills, a reduction in the city's carbon footprint and increase individual property's standard assessment (SAP) and Energy Performance Certificate (EPC) scores.
12. The council owns lifts in tower blocks, multi-storey car parks and in City Hall. It is essential to maintain these lifts to ensure that they work efficiently and safely, and comply with the council's insurance requirements. Tower block lift maintenance is funded from the HRA and the maintenance of lifts in the car parks and City Hall is funded from the general fund.

External Redecoration

13. Eastern Procurement Ltd (EPL) established a framework for cyclical decorations which runs until 01 July 2019. Norwich City Council can utilise this framework under the partnering agreement that is in place. This framework allows direct award to a single supplier.
14. There are three suppliers on the framework. The three suppliers were evaluated by EPL based on a split of 70% price and 30% quality. The suppliers are listed below:

Bell Decorating Group Limited
Mitie Property Services (UK) Limited
Novus Property Solutions Limited
15. Mitie Property Services (UK) Limited was the highest placed supplier scoring 91.54 marks out of the full 100 marks available. NPSN have concluded that the rates offered by Mitie Property Services (UK) Limited provide the council with the best value.
16. In addition to cabinet approval the award will be subject to leaseholder consultation as the council is required to consult leaseholders on works and improvements over £250. Leaseholder Notice of Proposal (NOP) has not yet been triggered. Works will only be carried out at blocks of flats that do not contain leaseholders until the consultation process is complete.
17. An order for £180,000 has been placed to allow the work to commence, taking advantage of the better weather. This order was approved by the director of business services and the director of neighbourhoods under the scheme of delegation. Cabinet are requested to approve the award of the residual amount of £270,000.

Installation of Loft and Cavity Insulation and Thermodynamic Hot Water Systems

18. It is proposed to run two competitive procurement exercises to establish suppliers to meet the council's requirements. In accordance with the council's contract procedures and in order to maximise interest, the contracts will be advertised on the council's e-tendering portal and contracts finder.
19. Following this route will ensure the opportunity is made available to a competitive market, encourage value for money, yet still reach SMEs and local suppliers.
20. There is a budget of £660,000 for loft and cavity wall insulation and a budget of £1m for renewable technology, including thermodynamic hot water systems. Both budgets are inclusive of fees to NPS Norwich for directly managing the contractors in this instance and saving Norwich city council additional management fees by using other managing agents. This fee will not exceed 10% of each budget, therefore the value of loft and cavity wall insulation works delivered will be £600,000 and the value of thermodynamic hot water systems delivered will be £900,000.
21. Evaluation of the interested suppliers will be carried out to determine the most advantageous return. Factors to be evaluated are likely to include: quality; delivery, price; health and safety, and a minimum requirement for supplier levels of certification, guarantee and insurances.
22. Cabinet are asked to delegate authority to the director of neighbourhoods, in consultation with the deputy leader and portfolio holder for social housing to award these contracts to the best value suppliers.

Lift Maintenance

23. The lift maintenance contract was re-procured in July 2017 by the open procurement method described above. Two suppliers responded. The best offer was from Otis Ltd for the sum of £51,973 per annum. The contract is for four years and an interim award was made for two years with the final two year award being subject to cabinet approval. The tender process and result should have been reported into the September 2017 cabinet but this did not happen due to an oversight.
24. Cabinet is asked to approve the award of the contract for four years at a total value of £207,892. Funding of this contract is provided from both the HRA and the GF revenue budgets.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with the completion of the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Cabinet
Committee date:	13 June 2018
Director / Head of service	Lee Robson
Report subject:	Procurement of various housing upgrades and maintenance contracts
Date assessed:	19 January 2018
Description:	Procurement of various housing upgrades and maintenance contracts

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The Eastern Procurement Limited Frameworks ensures the council achieves value for money for the external redecoration contract. Open tendering will ensure that best value is achieved for the other contracts.
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loft and cavity wall insulation and thermodynamic hot water systems contribute towards reducing fuel poverty.
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The improvements carried out from the works proposed will enhance the safety of residents and make the homes easier to heat.

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loft and cavity wall insulation and thermodynamic hot water systems contribute towards reducing energy usage.
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments

	Impact			
Risk management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<p>1. Risk of challenge from unsuccessful suppliers:</p> <p>The tenders and frameworks have followed a restricted process carried out by EPL 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.</p> <p>2. Risk of supplier failure:</p> <p>There is a risk that the appointed suppliers could fail during the life of the contract. This is low risk as a number of suppliers have been appointed to the framework providing some cover should a supplier fail. In addition 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.</p>

Recommendations from impact assessment

Positive

The works will reduce fuel poverty, reduce energy consumption, maintain the built environment and contribute towards safe use of lifts.

Negative

Neutral

Issues