

Report to	Cabinet 12 September 2012	Item
Report of	Deputy chief executive (Operations)	8
Subject	Award of contract for external redecoration to council housing properties	

KEY DECISION

Purpose

To advise Cabinet of the tender process for the external redecoration contract to Council homes and seek approval to commit to spend an estimated £4.46m over the initial 3 year term of the contract from the Housing Revenue Account budget.

Recommendation

To approve the award of a 3 year contract (with an option to extend for a further 2 year period) for external redecoration works to Council homes to MITIE Property Services (UK) Ltd.

Corporate and service priorities

The report helps to meet the corporate priority "Decent housing for all".

Financial implications

The financial consequences of this report are awarding a 3 year term contract (with an option to extend for a further 2 year period) with an estimated value over the initial 3 year term of £4.46m to be financed from existing budgets within the Housing Revenue Account. It should be noted that this figure is partly based on a schedule of rates basket of repairs and therefore the actual value of repairs will differ from the tender figure. The tender commitment for 2012/13 is £1.6m.

Ward/s: All wards

Cabinet member: Councillor McDonald – Housing

Contact officers

Chris Rayner, Head of property services

01603 213208

Background documents

None

Report

Background

1. On 21 September 2011 Cabinet approved the award of an interim contract for external redecoration of Council homes in order to ensure that the first year of the new external redecoration cycle was delivered and not delayed due to procurement timescales.
2. This contract was subsequently awarded following Cabinet approval and is now coming to a conclusion.
3. Following the refresh and introduction of a new 5 year cyclical plan for external redecoration the Council needs to appoint a new supplier to deliver this work. The procurement strategy was to ensure that the contract term was in line with the redecoration cycle (5 years) in order to assist in consistency in terms of quality, and also to give a long enough term for suppliers to be able to invest in the service to tenants. However whilst the overall potential contract term is 5 years the initial contract award is 3 years in duration and the further 2 year extension will only be awarded if the supplier is meeting all contract performance requirements.

Tender Process

4. The contract was split into three contract areas across the city with each area having a neighbourhood(s) to be redecorated in each year of the contract; i.e. during 2012/13 Area 1 neighbourhood is Clover Hill/Marlpit, Area 2 neighbourhood is Heartsease and Area 3 neighbourhood is Vauxhall etc.
5. Suppliers were then invited to submit separate tenders for each area, which could have resulted in up to 3 different suppliers being awarded a contract (one for each of the 3 different areas).
6. The suppliers price is made up of two parts:
 - A price for externally redecorating all properties within each area for each year.
 - A price for carrying out all repairs necessary prior to the redecoration taking place, based on a sample repairs basket schedule of rates.
7. A restricted tendering process was adopted for this contract. In a restricted process the contract notice invites suppliers to express an interest in the opportunity by completing a pre qualification questionnaire (PQQ). The returned pre qualification questionnaires are evaluated and a number of experienced suppliers meeting the authority's standards for financial, technical, social, and environmental capability are selected and then invited to tender for the opportunity.
8. On 3 March 2012 a contract notice was placed on the Official Journal of the European Union (OJEU - reference 2012071758) inviting tenders.
9. For this contract a total of 58 suppliers requested PQQs and 13 were returned complete. These were evaluated and 9 suppliers were invited to tender, 7 of these returned completed tender forms.

Tender evaluation

10. Evaluation of the tenders took place in a single sitting with two separate areas being evaluated. 80% of the marks were awarded for the price and 20% for quality (compliance with the authorities' requirements).
11. The intention of the evaluation exercise was to award contracts to the most economically advantageous tender for each of the three areas.
12. Tenants and leaseholder representatives were involved, and assisted officers, with the evaluation process.
13. The lowest priced compliant tenders for all three areas was submitted by MITIE Property Services (UK) Ltd.

Social and economic benefits

14. Due to the potential for a 5year contract term (dependant on supplier performance) there are opportunities for some social and economic benefits. The contract includes a requirement for a 10% of the workforce to be recruited from the 'Building Futures' scheme the council are jointly promoting with the Homes & Community Agency. Building Futures aims to give unemployed Norwich residents employment and training opportunities and in this way adds significant social and economic value to public procurement. The tender submission from MITIE commits to employ up to 80% of the workforce required for this contract from the Building Futures scheme. In addition discussions will be held with MITIE about the Councils annual programme of resident engagement and they will be expected to take part in this and assist in the costs of these events.
15. Whilst MITIE are a national company they do have a local base within Norwich and would be expected to recruit to the posts necessary to deliver this contract locally.

Finance

16. The Housing Revenue Account budget makes provision for the external redecoration work included within this contract and the cost of this contract is within the budget for 2012/13, and is within current investment plan forecasts for the following four years.

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 completing the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:

Cabinet

Committee date:

12th September 2012

Head of service:

Head of property services

Report subject:

Award of contract for external redecoration to council housing properties

Date assessed:

15th August 2012

Description:

	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 award of this contract will provide better value for money than the current interim arrangement as the supplier will be able to invest and plan over a longer term.
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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The engagement of Building Futures provides an opportunity for unemployed Norwich residents to secure employment.
Financial inclusion	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The engagement of Building Futures provides an opportunity for unemployed Norwich residents to secure employment.
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"/>	The Councils standard requirements are included within this contract and monitoring of compliance will take place.
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
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"/>	

	Impact			
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	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 a part of the contract is planned in nature. In addition value of this contract is above the thresholds in the Public Contracts Regulations and so a full OJEU compliant open process has been followed with the award criteria being based on the lowest price compliant tender, but there is always a risk of challenge from unsuccessful suppliers.

Recommendations from impact assessment

Positive

Increased value for money as a result of the open tender process.

Negative

There is the potential for supplier failure during the life of this contract as a result of the recommendation contained within this report, however this risk will be managed and has been mitigated as far as possible by the evaluation process.

Neutral

Issues