

Report to:	Cabinet – Monday, 13 June 2022
Lead Cabinet Member:	Councillor John Batchelor, Lead Cabinet Member for Housing
Lead Officer:	Peter Campbell, Head of Housing

Award of Contract for Responsive & Void Repairs, Heating Servicing & Maintenance, Cyclical and Planned Works

Executive Summary

1. In July 2021 the Housing team went to competitive tender to re-procure the contract for the Responsive & Void Repairs, Heating Servicing & Maintenance, Cyclical and Planned Works (The Repairs Contract).
2. The tender process was undertaken with a panel made up of officers, members and tenants. The panel was supported by Ark Consultancy and the Council's Procurement Officer ensuring that the process was carried out correctly.
3. The procurement process is now at the award stage and the highest scoring bidder has been identified.

Key Decision

4. No

A decision to award a contract shall not be treated as a key decision where the purpose of the contract is to fulfil a scheme included in the budget.

The decision was first published in the May 2022 Forward Plan.

Recommendations

5. It is recommended that Cabinet approves the award of the contract to Mears Limited who are the highest scoring bidder who has also the lowest cost providing a submission that is within budget and provides the Council with value for money.

Reasons for Recommendations

6. To ensure that the Council has in place a tendered contract for the repair, maintenance, and associated works for the housing stock. This will allow the Council to ensure that repairs are carried out to HRA properties.

Details

7. In early 2021 the Housing team reviewed its provision of the repairs service and In July 2021 the Council went out to tender to procure a replacement contract for its repairs service.
8. The existing repairs contract/gas servicing and solid fuel servicing ends on the 30 September 2022 and the Council must have concluded a procurement process to enable a contract to be mobilised and ready to start on the 1 October 2022. Approval of the recommendation shall ensure that the Council meets this date.
9. The procurement process follows the regulations set out within the Public Contracts Regulations 2015 (PCR2015). This involved a two-stage restricted tender process comprising of a selection stage, which is a look at the company and its history, followed by a tender stage with the top 5 scoring bidders from the selection stage. The tender stage looks at the forward proposals from the company on how they will provide the services required.
10. PCR2015 requires that the Council follows a strict set of criteria, timescales and procedures. The Council must advertise on Find a Tender service, must issue the tender documents to all bidders, set out the award criteria and scoring information. The history and track record of a company cannot be considered past the first stage and then it is on the basis of pass/fail only.
11. Crucially the regulations state the Council must award the contract to the highest scoring bidder of the total combination score of Quality and Price.
12. The Council received 11 submissions at the selection stage, references were checked and the top 5 scoring companies passed this test before being invited to the tender stage. The scoring panel was made of officers, elected members and tenants with support from both the Councils Procurement Officer and the Councils consultants Ark.

13. An anonymised (other than Mears) version of the scoring sheet is shown below

Alias	Company	Score	Ranking
E		100	1
I		100	1
C		96	3
G	Mears	88	4
A		86	5
F		84	6
K		80	7
J		60	8
D		60	8
B		44	10
H		34	11

14. At the tender stage Price was worth 40% of the marks and Quality 60% of the marks and was assessed by a series of quality questions. Scoring charts were used to evaluate the bidder's responses to these questions by the scoring panel.

15. Again the scoring panel was made up of representatives of officers, members and tenants who scored the selection questionnaires, tender returns and attended the clarification interviews. Support was provided by the Councils procurement Officer and the consultants. The panel process arrived at the highest scoring bidder.

16. Anonymised scoring is shown on the following tables. For consistency the same Aliases shown above have been carried across into this section.

a. Price

Alias	Company	Score	Ranking
G	Mears	38.53	1
I		33.28	2
E		31.12	3
C		28.07	4
A		24.29	5

b. Quality

Alias	Company	Score	Ranking
I		53.70	1
C		51.60	2
G	Mears	49.00	3
E		39.60	4
A		39.00	5

c. Overall (combining Price and Quality)

Alias	Company	Score	Ranking
G	Mears	85.13	1
I		84.58	2
C		79.67	3
E		70.72	4
A		63.29	5

17. Following this process, the highest ranked two companies were invited to attend a series of clarification interviews with members of the panel. As the tender specification, as a consequence of legal advice, explained that the clarification interview was limited and as a consequence the contractors ranked third and lower had no real prospect of having their score increased by the clarification process to the extent that they would be awarded the contract.

18. The clarification interviews were to give the panel the opportunity to respond to questions to clarify part of their submissions. They asked questions to seek clarity over scores that had already been awarded and if appropriate to amend some scores. The interview itself was not scored as a separate component. In some cases, the bidders were asked to provide additional written clarification.

19. Following the clarification interviews, and the subsequent moderation meeting the scores for the top two bidders were reviewed. The final scores were

Alias	Company	Score	Ranking
G	Mears	87.53	1
I		86.98	2

20. As Mears were the highest scoring bidder, they should be awarded the repairs contract.

Background

21. In 2021 the Housing team undertook an internal review of the repairs service with the help of Ark Consultancy who have expertise in advising Councils on development of housing services, change and improvement.

22. This review consisted of a critical review on the way the current repairs service was running, a clear expectation on what a new repairs service could offer reflecting best practices across the industry, and then the best way to deliver a new service that met these expectations. The conclusion of this review was that the council was most likely to meet these expectations by retendering the service with the view to develop a long-term relationship with a contractor.

23. The contract was tendered for an initial 5-year period with an option to extend for 2 further periods each of 5 years. The emphasis through the tender process is

that the Council wants to work with a contractor to 'reinvent' the repairs service and not just make minor incremental changes.

24. The tender was based on four main elements

- A price per property for responsive repairs work
- A price per void, based on bringing each empty property up to an agreed standard when empty
- A price per service to carry out gas servicing for properties.
- Pricing for a 'basket' of capital type works, allowing the council to utilise the contractor for this type of work without the need for additional pricing.

25. The existing service is made up of a sequence of contracts with the primary contracts of the repairs contract and gas servicing/installs by the current supplier Mears Limited. These contracts are complex and involve 55 staff covering a range of services such as minor house repairs to extensive renovations and refurbishments. Health and safety features heavily in the provision of the service as it contains all major types of work, plumbing, construction, electrical, gas, oil and solid fuel servicing.

26. Following the review, the contracts were consolidated to create a comprehensive contract that bring together repairs, voids, gas servicing/installation and package works (such as kitchens and bathrooms etc). This reduces the number of contracts and suppliers to directly manage whilst reducing the overall costs to the Council. In addition, other improvements were made to the standards, the contract and to improve the service to the customer. This along with new management of the contract will lead to service improvements to the end user.

27. As usual for this type of contract, there is an allowance made between the award of the contract and the actual start date. There are two reasons for this

Firstly, Transfer of Undertakings Protection of Employment (TUPE) regulations may, apply, and

Secondly, to allow for the development and testing of interfaces between the Councils Housing Management system, and that used by the contractor.

28. However, as the highest scoring bidder is the existing supplier then TUPE related issues and system integration will not cause a problem enabling the Housing team to focus on implementation of the new service standards. Both items take significant internal staff time which is no longer a problem.

29. A consultation on the award was required with leaseholders under the Tenant Act 1985 (as amended by the Commonhold and Leasehold Reform Act 2002) (section 20). This has taken a statutory period of 30 days. Response was minimal and no comments were received that would cause the tender process to reopen.

30. Finally, and if approved by members, a full debrief will be undertaken providing all bidders with their scores followed by a 10-day standstill period to enable bidders to review their scores with the Council

Options

31. The options available to members are:

- a. To award the tender for the repairs service to Mears as the highest scoring bidder. This recognises that the process has been robust and fair. This is the recommended option,
- b. The only other option would be to restart the retender process. This has several risks attached, and it not recommended.:
 - The Council would need to ask the current suppliers to extend the contract.
 - There is considerable amount of both money and time that have been expended on this project to date which would be wasted
 - There is a risk of legal action from the current top scoring bidder, should they be unsuccessful.
 - There is less likely to be interest or engagement from other contractors
 - Tenants, who have been involved in this project from the outset, would lose faith in the Council
The interim level of service provided by the current provider has the potential to diminish and they may only agree to deliver the basic service which would be detrimental to our customers and our reputation would be severely damaged

Implications

32. In the writing of this report, taking into account financial, legal, staffing, risk, equality and diversity, climate change, and any other key issues, the following implications have been considered: -

Financial

33. Liaison with the accountant for housing management has taken place during the investigation phases and tender process. The highest scoring bidder is also the most cost effective which represents a significant difference in cost with the 2nd place bidder as the benchmark. The highest scoring bidder submission is within budget and represents value for money.

34. Six of the Mears Ltd employees transferred from the Council to Mears Ltd from the Councils direct labour organisation when this service was outsourced. The

Councils Local Government Pension Employer Liaison Officer was consulted in the pension obligations and liabilities ensuring that all bidders were made aware of their obligations.

Legal

35. The Council has had the advice and support of Anthony Collins on the contract and on checking that the tender documentation is correct and complies with PCR2015 as well as specialist advice on TUPE and pension liability which had to be communicated to all bidders.

Staffing

36. Not directly to SCDC staff.

Risks/Opportunities

37. There is significant risk in managing any new contract of this size, impact and complexity regardless of the contractor involved. The Housing Department will ensure that the contract is well managed from the outset.

Equality and Diversity

38. Not directly from the award of contract, however any successful contractor will be expected to comply with the Councils policy and approach to both equality and diversity issues. Equality and diversity impact assessments have been carried out on the contract proposals.

Climate Change

39. As part of the selection process each contractor needed to demonstrate their commitment to carbon reduction in the delivery of a repairs service as well as their practical experiences.

Health & Wellbeing

40. Not directly, however the successful contractor will be expected to play a part in identifying vulnerable tenants and act as the councils' eyes and ears in recognising safeguarding risks.

Consultation responses

41. Tenants and members have been fully involved in this project from the outset.

Alignment with Council Priority Areas

Housing that is truly affordable for everyone to live in

42. The report is about the appointment of a contractors to carry out repairs and capital works to the council housing stock.

Being green to our core

43. The report is about the appointment of a contractor who will be carrying out work to council housing stock to improve energy efficiency and reduce carbon in line with the councils HRA asset managed strategy.

A modern and caring Council

44. The report is about the appointment of a contractor who will be carrying out work to the Councils Housing Stock. The assessment process included consideration of how the contractor intends to deal with issues such as safeguarding and domestic abuse, where they act as the councils eyes and ears. Also the contractor will be expected to produce a suite of management information which will be shared with customers.

Appendix 1 – Restricted Papers

Background Papers

Option appraisal papers that have been previously presented to members are held by the Head of Housing

The tender specification and submissions are held by the Procurement Officer

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