

## **HIGH PEAK BOROUGH COUNCIL**

### **Report to the Housing Select – 23<sup>rd</sup> March 2017**

<b>TITLE:</b>	<b>Request to undertake procurement exercises to support the Housing Repairs service.</b>
<b>EXECUTIVE COUNCILLOR</b>	<b>CLLR E THRANE - Executive Councillor for Resources and Finance</b>
<b>CONTACT OFFICER:</b>	<b>Nicola Kemp – Operations Manager (Contract Management)</b>

#### **1. Reason for the Report**

- 1.1 To seek approval from the Housing Select Committee giving authorisation for the Operational Services Team (Housing Repairs and Maintenance) to undertake a number of procurement exercises to support the repairs service.

#### **2. Recommendation**

- 2.1 That the Housing Select Committee gives authorisation for a number of procurement exercises to be completed during 2017-18 and 2018-19 as is detailed later within this report.
- 2.2 That the Housing Select Committee gives authorisation to the Executive Councillor for Finance & Corporate Services to award contracts which require Executive approval to the Council's preferred supplier, following consultation with the Chair of the Housing Select Committee.

#### **3. Executive Summary**

- 3.1 In order for the Council's Operational Services Team (Housing Repairs and Maintenance) to undertake repair works to the Council's domestic housing stock, external suppliers are used to undertake a range of tasks or services where resources, expertise or capacity is not available within the existing Repairs Team.
- 3.2 The total value of spend in 2015-16 for subcontracted services and the supply of materials was £841,832 per annum.

- 3.3 With the exception of one supplier, none are employed by HPBC under any formal contractual arrangements. Whilst officers are happy with the standard of service provided to date, by entering into formal contractual arrangements the Council will be able to stipulate key performance targets, monitor the supplier's performance in order to ensure it remains at the standard the Council expects, achieve value for money and demonstrate best value.
- 3.4 In addition the value of spend made by the Council in receipt of many of these services annually exceeds the recommended levels as per the Council's Procurement Procedure Rules (PPR), meaning that a number of formal contracts should be entered into.
- 3.5 As per the Council's PPR, authority to proceed with procurement must be granted by the Executive Councillor where the total contract value exceeds £100,000 approval or by Executive where the anticipated total contract value exceeds OJEU EU procurement thresholds. This report is therefore seeking approval to undertake a number of procurement exercises during 2017-18 and 2018-19, as is detailed further at 8.2.
- 3.6 Upon completion of each procurement and evaluation activity it is requested that where reports require approval to award a contract, that the Executive Councillor for Finance & Corporate Services be given authorisation to award the contract to the Council's preferred supplier following consultation with the Chair of the Housing Select Committee.

#### **4. How this Report Links with Corporate Priorities**

- 4.1 Ensuring effective use of financial and other resources to ensure value for money, whilst providing fit for purpose housing stock that meets the needs of our tenants.

#### **5. Options**

- 5.1 There are two options available to the Council in regards to the proposed procurement exercise, these are as follows:
- **Option 1** - To do nothing, this would result in the Council breaching its own PPR. In addition the Council has no control over the performance of the existing suppliers as a result of no formalised contractual arrangements being in place. (not recommended)
  - **Option 2** - To undertake a number of procurement exercises to ensure service continuity in the future and obtain best value in regards to the provision of services. **(Recommended)**

#### **6. Implications**

- 6.1 Community Safety - (Crime and Disorder Act 1998)

None

6.2 Workforce

None

6.3 Equality and Diversity/Equality Impact Assessment

None.

6.4 Financial Considerations

As detailed within the report.

6.5 Legal

As detailed within the report.

6.6 Sustainability

None

6.7 Internal and External Consultation

None

6.8 Risk Assessment

As detailed within the report

**Keith Parker**  
**Head of Operational Services**

**Web Links and**  
**Background Papers**

**Location**

Housing Repairs  
Buxton Town Hall

**Contact details**

Nicola Kemp  
Operations Manager  
(Contract management)

## **7. Background**

- 7.1 HPBC has in excess of 4,000 properties within its Council housing stock. Responsive repairs and planned maintenance at these domestic properties is undertaken by the Council's Operational Services Team (Housing Repairs and Maintenance).
- 7.2 A number of services required to maintain these properties, are outsourced to a range of specialist suppliers where resources, expertise or capacity is not available within the existing Repairs Team. Such subcontracted services include:
- repairs or installation of replacement windows and doors,
  - void property clearance and related waste disposal,
  - installation of extraction fans,
  - damp inspections/surveys
  - asbestos removal,
  - drainage services,
  - insulation, rendering and plastering services
- 7.3 Materials used by the Housing Repairs Team to complete their daily repair tasks are currently sourced from a variety of local suppliers. Spend levels in this area alone cost the Council in excess of £300,000 per annum. It is anticipated that both operational efficiencies and financial savings would be identified through the letting of a formal contract. Reviewing how supplies are currently sourced as part of this procurement exercise will identify more streamlined ways of operating and hopefully provide wider back office efficiencies as a result changes to invoicing processes.
- 7.4 The total value of spend in relation to these subcontracted services and supply of materials in 2015-16 was £841,832 per annum. It is recognised that the level of spend per annum does fluctuate based on the number of repair jobs or reports of issues which the Council receives from its tenants.
- 7.5 Only one of the current subcontractors is employed by HPBC under formal contractual arrangements. Whilst officers are happy with the general standards of service provided to date, by entering into formal contractual arrangements the Council will be able to stipulate key performance targets and monitor the supplier's performance to ensure it continues at the standard the Council expects.
- 7.6 In addition the value of spend made by the Council in receipt of such services exceeds the recommended levels as per the Council's PPR, meaning that a formal contract should be entered into.
- 7.7 As per the Council's PPR, authority to proceed with procurement must be granted by the Executive Councillor where the total contract value exceeds £100,000 approval or by Executive where the anticipated total contract value exceeds OJEU EU procurement thresholds; this report is therefore seeking approval to commence a number of procurement processes starting in 2017-18.

7.7 Upon completion of each procurement and evaluation activity it is requested that where reports require approval to award a contract, that the Executive Councillor for Finance & Corporate Services be given authorisation to award the contract to the Council's preferred supplier following consultation with the Chair of the Housing Select Committee.

## 8. Procurement Process

8.1 The list of procurement activities which need to be undertaken to address the issues already raised in this report is lengthy, as a result of the number and type of procurement exercises which are required it is anticipated that completion of all the procurement activities could in excess of one financial year to complete.

8.2 A draft timeline for each procurement activity is detailed in the table below:

<b>Activity</b>	<b>Anticipated procurement type</b>	<b>Draft timeline of procurement activity</b>
Supply of materials including electrical, plumbing and building supplies	Framework or OJEU level tender	April - October 2017
Void property cleansing and waste clearance	Framework or OJEU level tender	Dependent on outcome of Housing Service review
Extraction installation and assessment	Framework or Formal competitive tender process	June – October 2017
Damp inspections/surveys	Formal competitive tender process	August - December 2017
Supply and installation of windows and doors	Framework or OJEU level tender	September – March 2018
Double glazing repair works	Framework or OJEU level tender	September – March 2018
Drainage and jetting services	Formal competitive tender process	January-March 2018
Plastering, insulation and rendering services	Formal competitive tender process	2018-19
Call off contract for trade services i.e. electricians, plumbers	Formal competitive tender process	2018-19

8.3 The draft procurement dates at 8.2 have been scheduled on a priority basis taking into account the annual spend levels against each service received via

subcontractors at present, the complexity of creating contract documentation including a specification and the risk associated with continuing the current informal arrangements with suppliers.

8.4 Evaluation Panels will be established for each procurement activity to assess each tender submission and to identify the preferred supplier; the panels will consist as a minimum of the following officers:

- Two representatives from Operational Services (at least one will be an Operations Manager)
- Nominated Procurement Officer
- Nominated Finance Business Partner