

**5<sup>th</sup> December 2018**

**Ordinary Council**

**Strategic Asset Management (Repairs and Maintenance)  
Contract Re-Procurement**

**Report of:** Steve Summers – Chief Operating Officer

**Wards Affected:** All Wards

**This report is:** Public

**1. Executive Summary**

- 1.1 In 2014 Brentwood Borough Council entered into two contracts with Oakray and Wates to carry out repairs and maintenance to the Council's Housing Stock. These contracts are due to expire in June 2019.
- 1.2 As agreed at the Community Health and Housing Committee on the 4<sup>th</sup> December 2017 (Min 185 refers) Brentwood Borough Council wishes to enter into one contract through a re-procurement exercise.
- 1.3 Following a detailed re-procurement exercise this report seeks approval from Council to award the new contract to Axis.

**2. Recommendation(s)**

- 2.1 **That the Committee approve the award of the Strategic Asset Management (Repairs and Maintenance) Contract to Axis for an initial term of ten years with the option to extend for a further five years.**

**3. Introduction and Background**

- 3.1 On the 19<sup>th</sup> June 2014 Brentwood Borough Council entered into two contracts for repairs and maintenance to Housing Stock. Oakray to be responsible for heating and electrical and Wates to be responsible for general repairs.
- 3.2 These contracts were for an initial five-year term with the option to extend by a further five years.

- 3.3 The initial five-year period is due to expire in June 2019.
- 3.4 The Community, Health and Housing Committee on the 4<sup>th</sup> December 2017 noted that the Council would be entering a re-procurement exercise in relation to its repairs and maintenance contracts as the current contracts are not effective, manageable and cost efficient.
- 3.5 At this committee, members were advised that there were two options available to the Council in relation to the repairs and maintenance contracts
  - Option 1: To engage in a further five-year term with both Wates and Oakray.
  - Option 2: To engage in a re-procurement exercise to have one repairs and maintenance contract.
- 3.6 Option one had been dismissed due to multiple issues in the management of two contracts such as duplication of overheads, administration and associated costs, multiple contractors requiring access to one property to conduct works at the same time, confusion for tenants as it is not always clear which contractor should be conducting works in their properties.
- 3.7 Option two, was recommended to enter into re-procurement, which would allow the Council to demonstrate value for money, develop a more manageable contract and eliminate any confusion for residents when repairs are required.
- 3.8 Currently the average spend on Repairs & Maintenance Works is approximately £2.4 million on revenue Repairs & Maintenance. The Capital program for the housing stock ranges year on year from £1million to £3 million.
- 3.9 It should be noted that the prices submitted by all bidders are not comparable to current spend on repairs & maintenance. It is expected that the beginning of the contract will require more financial resources than currently expended. This is to improve the current condition of the housing stock as well as improve the current service.
- 3.10 The Scope of the contract includes the below workstreams for all the Council's housing stock with the future potential for corporate property to be added at a later stage.

- Responsive repairs
- External decorations
- Roof renewals
- External wall insulation
- Domestic gas and oil appliances
- Kitchens/Bathrooms
- Electrical testing and upgrades
- Communal boilers
- Voids
- Handyman service

3.11 The objectives and aims of a new single contract are to;

- Provide value for money
- Improve the customer experience
- Reduce procurement costs
- Strategic and operational links between responsive repairs and planned maintenance
- Maximise Social Value
- Continuous improvement and innovation
- Provide a high performing contract that is viewed as best practice in the sector
- True partnering contract with the Service Provider

#### **4. Issue, Options and Analysis of Options**

- 4.1 The re-procurement process began in April 2018 and the Leasehold consultation process was entered into in April 2018 notifying residents of our intention to begin the re-procurement of a new repairs & maintenance contract. Several questions were raised as a result of the consultation process and formal responses were provided to these on the 9<sup>th</sup> May 2018.
- 4.2 Following completion of the Leasehold consultation process the Council published the OJEU notice in May 2018 notifying contractors of our intention to re-procure a new repairs & maintenance contract.
- 4.3 A Total of ten Tenderers returned a Selection Questionnaire (SQ) which was evaluated and shortlisted to seven contractors who were invited to submit a detailed submission. These were;
  - Axis
  - Breyer Group

- Mears
  - Morgan Sindell
  - Osbourne
  - Wates
  - Fortem (Willmott Dixon)
- 4.4 Following conclusion of the Invitation to Submit Detailed Solutions (ISDS) evaluation, four Tenderers were invited to participate in Competitive Dialogue, and subsequently invited to submit final tenders (ISFT) for the new contract. These were:
- Axis
  - Mears
  - Morgan Sindall
  - Wates
- 4.5 During the tender period, the bidders were able to raise queries, questions and clarifications.
- 4.6 The basis of the evaluation of the tenders was an evaluation of Quality/Price on a 60/40 ratio. This method of evaluation is standard approach to ensure a high standard of works and value for money.
- 4.7 The tenders were assessed by the Procurement Project Group which consisted of Housing Managers, Corporate Services and Health & Safety Officers from Brentwood and Asset Management Officers from Basildon Borough Council particularly due to their experience in procuring repairs & maintenance contracts, by scoring individual questions relevant to their respective expertise of the method statement using a 0-5 scoring criteria.
- 4.8 The result of the assessment was that Axis emerged with the highest-ranking qualifying score. The results and final scores of the procurement exercise are set out in the Confidential Appendix 1.
- 4.9 The contract procured sets out to deliver works on a Price Per Property basis. Works passed onto the new contractor will be classified as an inclusion or exclusion to the Price per Property (PPP) or Price per Void (PPV).
- 4.10 Bidders were asked to complete costings based on current data supplied on the repairs & maintenance works currently carried out by existing contractors.

- 4.11 The submitted Pricing schedules proposed an annual value for works based on the data supplied by the Council.
- 4.12 For works outside of the Price per Property model any works required outside of the PPP scope will be valued in accordance with the submitted SOR's (Schedule of Rates) in the Pricing Schedule.
- 4.13 Following approval at Ordinary Council the next stage will be to issue Stage two leaseholder notification letters (Notice of Landlords Proposals) to all leaseholders on the 6<sup>th</sup> December 2018 notifying them of the award of contract to Axis.
- 4.14 The award Decision Notice letters, pursuant to the Regulation 86 of the Public Contracts Regulations 2015 (the "Regulations") notifying the bidders of the outcome were issued on the 21<sup>st</sup> November 2018.
- 4.15 Mobilisation of the new contract will begin in January 2019 subject to members approval with Axis. Brentwood Borough Council will be facilitating an initial workshop to identify the key actions required to deliver a successful mobilisation output. The Mobilisation Programme is set out in the Confidential Appendix 2.

## **5. Reasons for Recommendation**

- 5.1 As a responsible landlord it is important that the Council demonstrates that it has vigorously explored and pursued the best services for our customers.
- 5.2 The current contracts present many issues for the management and other more cost-effective options are available by re-procuring into one contract.

## **6. Consultation**

- 6.1 Tenant Talkback which comprises of both tenants and leaseholders had been consulted on the two options available. A presentation by the appointed procurement consultant was undertaken on the procurement process and experiences of the two options.

## **7. References to Corporate Plan**

- 7.1 To review the future delivery of housing services to provide the best outcomes for Brentwood residents.
- 7.2 Look to reduce costs by streamlining services and processes.

## **8. Implications**

### **Financial Implications**

**Name & Title: Jacqueline Van-Mallaerts, Deputy Section 151 Officer**  
**Tel & Email: 01277 312 860 [jacqueline.vanmellaerts@brentwood.gov.uk](mailto:jacqueline.vanmellaerts@brentwood.gov.uk)**

- 8.1 All Costs associated from the procurement exercise have been funded from existing budgets and reserves in the Housing Revenue Account.
- 8.2 The Pricing Schedule submitted by Axis will be used in setting the Housing Revenue Account 2019/20 budget and a basis to inform the 30-year Business Plan. (As attached in the confidential appendix)
- 8.3 Inflation is built into the contract, this is at CPI for the month of the September prior to review, i.e. the CPI to be applied in April 2020 will be the CPI index from September 2019. This inflation will be built into the budget setting and HRA Business Plan.
- 8.4 The Service Provider (Axis) is required to keep an accurate record and provide a breakdown of actual costs incurred during the term and the Client (the Council) may request this information and are able to audit this data to ensure that the Council is obtaining value for money.
- 8.5 The contract requires an Annual Review, this is to fulfil 3 main functions, to calculate adjustments to rates for subsequent years, to identify potential areas of performance management and to confirm the value received by the Client.
- 8.6 As well as a requirement for an Annual review there will be quarterly and monthly reviews with the contractor and the Council to ensure, costs remain within budgets. Any significant variances to the contract price will be reported to Policy, Finance and Resources with HRA budget update reports.
- 8.7 Profit from the contract has been split into guaranteed and variable, with the variable portion being paid in relation to the performance against specified set of KPI's, this demonstrates that the Council has contract and financial control over the contract to ensure the contractor delivers the best service possible.

**Legal Implications**

**Name & Title:** Daniel Toohey, Monitoring Officer

**Tel & Email:** 01277 312 860 [Daniel.toohey@brentwood.gov.uk](mailto:Daniel.toohey@brentwood.gov.uk)

- 8.8 The Council has been guided by the advice and assistance of external Legal Advisers and procurement consultants who have advised throughout the exercise to ensure compliance with procurement regulations and requirements.

**Other Implications** (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

- 8.9 Section 20 consultations with leaseholders were issued on 26<sup>th</sup> February 2018.

9. **Background Papers** (include their location and identify whether any are exempt or protected by copyright)

- 9.1 None

**10. Appendices to this report**

- Part 2 Confidential – Appendix 1 – Tender Evaluation Results and Axis Pricing
- Part 2 Confidential – Appendix 2 - Mobilisation programme

**Report Author Contact Details:**

**Name:** Angela Abbott

**Telephone:** 01277 312568

**E-mail:** [angela.abbott@brentwood.gov.uk](mailto:angela.abbott@brentwood.gov.uk)