

Classification: Public

Key Decision: Yes

Gravesham Borough Council

Report to: Cabinet

Date: 21 March 2022

Reporting officer: Nicole Arthur - Service Manager (Housing Operations)

Subject: Procurement of DSO Building Management Contracts

Purpose and summary of report:

To inform Cabinet of the current position in relation to the contracts in place to maintain the Council's housing stock which incorporates contracts for Major & Planned Works, Servicing & Maintenance and Net Carbon Zero Solutions. The report seeks approval for the use of the relevant frameworks to procure and award contracts in accordance with Gravesham's Procurement Strategy.

Recommendations:

1. The Director (Housing) in consultation with the S151 Officer and Lead Member be given delegated authority to conduct the procurement process and award the contracts for DSO Building Management using procurement frameworks by way of mini tender and direct award as outlined in the report.

Key Implications:	
Item	Implications
Legal	Landlords have a statutory duty to maintain and repair property assets and to ensure leaseholder engagement throughout the procurement process. Contracts will be secured through the pre-tendered frameworks which have been procured in accordance with domestic and European legislation
Finance and Value for Money	Budgets for all proposed contracts have been agreed within the HRA account and can be found at Appendix 2. Aggregated buying power via the various Frameworks delivers competitive pricing and value for money
Corporate Plan	PEOPLE: Protected Environment - Enforce high regulatory requirements PEOPLE: Quality Living - Safeguard residents PEOPLE: Quality Living - Put our customers first PLACE: Connected Community - Improve resident well-being PROGRESS: Entrepreneurial authority - Deliver a more resilient, creative and cost effective council

	<p>PROGRESS: Strong Leadership - Sound financial management</p> <p>PROGRESS: Strong Leadership - Successfully manage key business risks</p>
Climate Change	<p>The work to be undertaken contributes to the Council's Climate Change Strategy by:</p> <ul style="list-style-type: none"> (a) Reducing carbon emissions of our housing stock (b) Reduction in energy consumption and fuel bills for our tenants (c) Providing warmer energy efficient homes for our tenants

1. Background

- 1.1 As a landlord, Gravesham Borough Council has a statutory duty to ensure its housing stock is properly maintained, that equipment is serviced and that any responsive repairs are completed within a timely manner and it is essential that external service providers are in place to assist with the delivery of required works.
- 1.2 The Council's current Procurement Strategy actively encourages the use of frameworks, which consist of a list of pre-approved suppliers for effective procurement arrangements via min-tender or direct award to deliver high quality services to our tenants.
- 1.3 The Joint Contracts Tribunal (JCT) suite of contracts are used between the employer and contractor to agree terms and conditions, control payment, disputes, insurance and extent of works, thus reducing the risk to any project.

2. Current Position

- 2.1 The following Major & Planned Works contracts procured via the South East Consortium (SEC) are due to expire on 31 March 2023:
 - 2.1.1 Cyclical Decorating (Axis Europe)
 - 2.1.2 Roofing Replacements (Breyer Group)
 - 2.1.3 Wet Rooms & Level Access (Pilon)
- 2.2 The following Compliance & Projects contracts procured via the South East Consortium (SEC) are due to expire on 31 March 2023
 - 2.2.1 Mobility Lifts (Apex Lifts)
 - 2.2.2 Water Hygiene (H2O Nationwide Ltd)
 - 2.2.3 Asbestos Surveys (Riverside)
 - 2.2.4 Asbestos Removals (PA Group)
- 2.3 To meet the carbon reduction and energy efficiency HRA related commitments in the corporate Climate Delivery Action Plan and Housing Operations Carbon

Action Plan, the council requires two new contracts in place to deliver the relevant improvement measures to its housing stock:

- 2.3.1 Energy Efficiency Measures (Whole House Retrofit) - includes loft, cavity, external wall insulation and Solar PV)
 - 2.3.2 Energy Efficiency Measures (Ground Source Heat Pumps) – Renewable energy and heating technology
- 2.4 A list of current contracts with the relevant frameworks that are due to expire can be found in Appendix 2, along with the annual levels of anticipated capital spend, total contract value and duration of contract.

3. Procurement

- 3.1 As explained in Section 2 of this report and shown in Appendix 2, the existing seven contracts for the specified work areas will expire in 2023 and therefore need to be re-procured to ensure consistency in work programmes and value for money.
- 3.2 In addition further two contracts need to be procured to progress with the Council's journey and deliver reductions in carbon emissions, reduce fuel poverty and increase the energy efficiency of our properties, in line with our Housing Operations Carbon Action Plan, Climate Change Delivery Plan and the wider pledge by Gravesham Borough Council to tackle climate change.
- 3.3 Gravesham Borough Council has been an active member of the South East Consortium (SEC) and London Housing Consortium (LHC), both delivering a wide range of pre-tendered frameworks through collaborative procurement arrangements involving a number of public sector organisations. These have been procured in accordance with domestic and European legislation, from which the Council may legitimately appoint contractors to meet their operational needs.
- 3.4 The benefits of using the frameworks are as follows:

South East Consortium (SEC)

Our annual cost with SEC is 25p per property. For 2022-23 this cost will amount to £1,410 and allows us to procure as many contracts as necessary.

- On completion of a procurement exercise SEC will charge 1.5% of the contract sum for the tender process. This cost is met by the successful contractor and not GBC.

London Housing Consortium (LHC)

- LHC are free to use and offer procurement and technical support as part of offerings at no charge.
- On completion of a procurement exercise LHC will charge 5% of the contract sum for the tender process. This cost is met by the successful contractor and not GBC.
- LHC members receive a % rebate if LHC make a surplus

Research by consortiums has highlighted that the average cost of a non-framework procurement exercise is circa £20,000.

- 3.5 The Public Services (Social Value) Act came into force on 31 January 2013. It requires those who commission public services to think about how they can also secure wider social, economic and environmental benefits. Prospective contractors will be asked as part of the tender process to outline what social value commitments they could bring to GBC if they are successful.

4. Scope of Works & Awarding Contracts

- 4.1 The Asset Management Team are actively developing a scope of works/specifications for each area of work as outlined in Section 2 of this report, working closely with the respective frameworks to develop Procurement Project Plans which will help to identify the most suitable contractors for those works as set within specified lots within the available frameworks already referred to.
- 4.2 When a contractor is identified from one of the pre-tendered lots, an initial expression of interest is made to ensure they are suitable and can undertake the works required at a competitive price. At this point a mini-tender exercise or direct award will be conducted. This is all managed by the framework provider in conjunction with council officers.
- 4.3 Once this process has been completed and a contractor selected, Legal will draft contracts on behalf of the council to enter into a formal contract, which will be checked and verified by the Legal team. The arrangements will then be confirmed by the Director (Housing) in conjunction with Director (Corporate Services), Monitoring Officer and Lead Member who will authorise the signing the contracts.
- 4.4 To ensure competitiveness, contracts will be let for a set period, with possible extensions agreed annually based on satisfactory performance by the contractor via agreed Key Performance Indicators (KPI's). This approach will facilitate proactive contract management and will help ensure that contractors perform well throughout the duration of their contract with the council.

5. Tenants and leaseholders

- 5.1 In accordance with Section 20 of the Landlord and Tenant Act 1985, as amended by the Commonhold and Leasehold Reform Act 2002, landlords are required to give notice to leaseholders and recognised tenants' associations of their intention to enter into 'long term agreements'. These are agreements entered into by or on behalf of a landlord for a term of more than 12 months and therefore officers will ensure that the required notice is given to leaseholders by the council as landlord in respect of the procurement contracts outlined in this report.

6. Appendices

- 6.1 The following documents are to be published with the report:
- 6.1.1 Appendix 2 – Procurement Summary

7. Background Documents

- 7.1 There are no background documents.

Lead Officer: Nicole Arthur Service Manager (Housing Operations)

Email: nicole.arthur@gravesham.gov.uk

Secondary Implications	
Risk Assessment	The use of procurement frameworks such as those developed by SEC and LHC significantly reduces risk to the council. In addition the GBC Procurement Strategy 2017-2020 actively encourages the use of frameworks for procurement.
Data Protection Impact Assessment	<p><i>A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.</i></p> <p>a. Does the project/change being recommended through this paper involve the processing of personal data or special category data or criminal offence data? A definition of each type of data can be found on the Information Commissioner's Office website via the above links. No</p> <p>b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice? N/A</p> <p>c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at gdpr@medway.gov.uk. Confirmed that successful contractors will be required to enter into a Data Sharing Agreement as part of the contract</p>
Equality Impact Assessment	<p>a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer. No</p> <p>b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer. No</p> <p><i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i></p>
Crime and Disorder	N/A
Digital and website implications	N/A
Safeguarding children and vulnerable adults	N/A