

11 March 2020		ITEM: 11
Cabinet		
Procurement of Housing Capital Programme Delivery		
Wards and communities affected: All	Key Decision: Key Decision	
Report of: Councillor Barry Johnson, Portfolio Holder for Housing		
Accountable Assistant Director: Carol Hinvest, Assistant Director of Housing		
Accountable Director: Roger Harris, Corporate Director Adults, Housing and Health		
This report is Public		

Executive Summary

This report sets out the proposals for the procurement and contract packages to ensure the successful delivery of the Housing Capital Programme from 2020/21 to 2025/26.

The Housing Capital Programme invests to secure the long-term integrity of the Council's asset and brings significant improvements to the health and wellbeing of our local residents through improvement to their living conditions and provision of employment opportunities.

The key priorities for the Housing Capital Programme for next 5 years are the continuation of the property refurbishment through the Transforming Homes programme and the external refurbishment of 9 tower blocks in Grays.

This report details options for the procurement of these contract packages using pre-approved public sector frameworks in order to generate cost efficiency and resource time savings.

1. Recommendation(s)

Cabinet is requested to approve:

- 1.1 The procurement of two major works contract packages for the delivery of the Housing Capital work programme as set out in the report.**

1.2 The procurement of two contract packages to provide strategic support and cost management of the Housing Capital Programme as set out in the report.

1.3 Authority being delegated for the awarding of the above contracts to the Corporate Director of Adults, Housing and Health in consultation with the Portfolio Holder for Housing.

2. Introduction and Background

2.1 There is an ongoing need to invest in our existing council stock to ensure the integrity of the asset is maintained and that the Council fulfils its duty to provide residents with warm homes with modern facilities.

Transforming Homes

2.2 The Transforming Homes programme has been delivering a comprehensive internal and external refurbishment programme now for 7 years. Significant success has been achieved in the delivery this programme, both in the improvements made to living conditions for council tenants and through the added value these contracts have brought to the local economy.

2.3 The priority works packages for the programme have been informed by the stock condition data held by the council which was refreshed with the stock condition survey undertaken in 2017.

2.4 Currently both the refurbishment and cost management contracts for this programme were awarded on the basis of two years plus one year extension, by way of a mini-competition for commencement in July 2018 using pre-approved public sector frameworks.

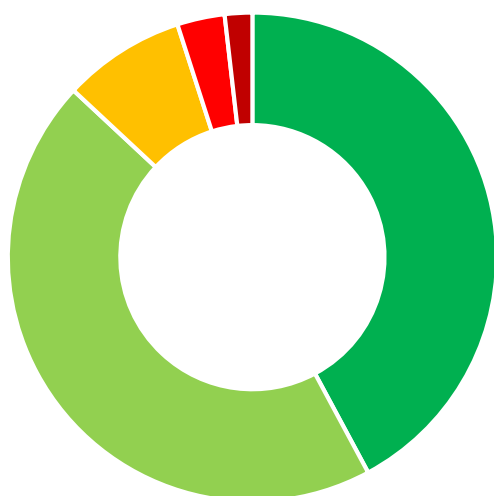
- PS/2017/524 – Transforming Homes Refurbishments
- PS/2017/523 – Transforming Homes Cost Consultancy

2.5 The current contracts have a total value of £35.78m over the 3 year period. They are delivering well and meeting KPI targets. However they will expire in June 2021 and therefore to ensure continuity of programme, a re-procurement exercise needs to take place.

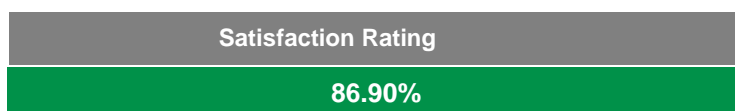
2.6 Headline achievements to date include:

- 8734 properties benefitting so far from the programme
- 51% of the construction value is spent in the local economy
- 45% of the local delivery team are Thurrock residents
- 50% of the supply chain is registered in Thurrock

2.7 Customer satisfaction with the current programme delivery arrangements has been consistently above the target of 85%.



■ Excellent ■ Good ■ Fair ■ Poor ■ Terrible



Recent Customer Feedback Examples:

The bathroom is ten times better now than what we had previously. We were kept informed every step of the way – Resident in South Ockendon

The whole of the work was excellent. The contractors kept me informed from start to finish. – Resident in Orsett

They did a really good job and it's a massive improvement. – Resident in Grays

To see what they've done, it's lovely. The service was excellent – Resident in Stifford Clays

Where there have been areas of concern raised, these have been dealt with in a prompt and efficient manner.

2.8 Two key principles have been central to delivery of this programme of work:

The first is to ensure investment is targeted at maximising improvements to the Councils assets. The second is to provide a mechanism for stringent contract administration and cost management, challenging our contractors to deliver the best value and service for our residents. The latter is achieved with the specialist support for contract administration, cost management and quantity surveying services.

Tower Block Refurbishment

- 2.9 Through recent specialist surveys undertaken we have identified that nine of the fifteen tower blocks in Thurrock council's housing stock require external refurbishment in the near future.
- 2.10 The windows of these blocks are now at the end of their expected life span and the roof coverings are in need of replacement.
- 2.11 In addition these blocks, which are all in the Grays area, require replacement of the current external wall insulation as the fixing method of the panels has now reached the end of its technical life expectancy.
- 2.12 Thurrock Council have recently appointed a specialist consultancy to undertake detailed site surveys and provide feasibility options for the work that is required.
- 2.13 The results of this feasibility work has provided the estimated costs for this work and these have been factored into the HRA business plan which is being considered by Cabinet this month (February 2020).
- 2.14 It is recommended that this programme is procured under the same principles as the Transforming Homes programme with stringent contract administration and cost management and control of quality of works on site.

3. Issues, Options and Analysis of Options

- 3.1 Due to the size and scale of service provision, the Council is required to procure these contracts through the Public Contracts Regulations 2015 and comply with procedures associated with, and advertise the contract in, the Official Journal of European Union (OJEU).
- 3.2 The current delivery arrangements for the Housing Capital Programme were procured via mini competitions using pre-approved public sector frameworks in the following packages.

Package	Building Contractor	Specialist Support and Cost Management
Transforming Homes North Area	United Living	Potter Raper
Transforming Homes South Area	Wates Living Space	Potter Raper

- 3.3 Moving forward, it is recommended to award only one main refurbishment procurement package for Transforming Homes as opposed to the two

operated currently. This is justifiable on the basis that the overall volume of work annually is not as extensive as it has been in the past.

- 3.4 It is also recommended that one contract package is let for the tower block refurbishment.
- 3.5 To support the effective delivery of these it is recommended that two support packages are procured, one to support the Transforming Homes contracts and one to support the Tower Block Refurbishment as they are separately defined scheme packages.
- 3.6 It is recommended that the contracts for Transforming Homes which will commence in 2021, are on the basis of 3 years plus 2 years. This will enable longer term commitment and continuity in the added value benefits for the local community. The total value of these contracts is estimated to be £47m over the full five year period including the cost of the strategic support.
- 3.7 It is recommended that the contracts for the Tower Block Refurbishment will be over a 3 year period in line with this specific project lifecycle. The total value of this contract is estimated to be in the region of £23.2 m including the cost of the strategic support.

3.8

Package	Building Contractor	Specialist Strategic Support provided	Length
Transforming Homes – whole borough	One Contractor	One Contract	3 years plus 2 years optional extension
Tower Block Refurbishment	One Contractor	One Contract	Fixed term of 3 years

- 3.9 The Housing Revenue Account Business plan includes provision for the spend under these contracts as follows:

Year /£m	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Transforming Homes new contracts*		5.7	10.30	10.30	10.30	10.30
Tower Block Refurbishment	6.18	14.42	2.58			

* The existing transforming homes contracts expire in June 2021 and that investment is not reflected in this table

Procurement Route

- 3.10 Officers have considered a number of options for re-procurement via either a full OJEU process or using purchasing consortium frameworks.
- 3.11 Given the likely level of interest in the work packages and the limitations of the market along with the reduced timescale and potential savings through economies of scale, the recommended option for the procurement is a mini competition through a purchasing consortium framework. This will enable the service to select from a list of providers who have already demonstrated their suitability to be included on a framework. Undertaking the procurement through a framework will enable an earlier start on site for the tower block refurbishment project.

4. Timetable for Procurement and Award

4.1 Tower Block Refurbishment

Action	Date
Leaseholder and Tenant Consultation	35 days April and May 2020
Issue Tender	End May 2020
Tender Return	End June 2020
Evaluation Period Ends	End July 2020
2 nd stage Leasehold consultation	August - 35 days
Standstill Period Concludes	Mid August 2020
Award of Contract	Mid September 2020
Contract Commencement	End September 2020

This timetable supports the requirement to mobilise on site as soon as possible.

4.2 Transforming Homes

Action	Date
Leaseholder and Tenant Consultation	Issue July finish in August 2020 (35 days)
Issue Tender	1 st September 2020
Tender Return	End October 2020
Evaluation Period Ends	1 st December 2020
Second stage leasehold consultation	mid January (35 days)
Standstill Period Concludes	Mid December
Award of Contract	End January 2021
Contract Commencement	1 st July 2021

This timetable supports the continuation of the programme, allowing time for mobilisation so works can commence as soon as the existing contract arrangements come to an end.

5. Reasons for Recommendation

- 5.1 This report is submitted to Cabinet to request the approval to proceed with the procurement of the contracts for the major works delivery packages and strategic cost management elements of the Housing Capital Programme. This will ensure continuity of programme delivery from 2020/21 to 2025/26 to ensure the assets are maintained to standard. All these procurements are valued above the Cabinet threshold of £0.750m.
- 5.2 The recommended option for the procurement routes is a mini competition through a purchasing consortium framework. This will enable the selection from a list of providers who have already demonstrated their suitability to provide the type and quality of services required. It will enable the evaluation of the mini competition tenders on the basis of key criteria on quality, price and added social value.

6. Consultation (including Overview and Scrutiny, if applicable)

- 6.1 The proposal was presented to Housing Overview and Scrutiny in February 2020 and was supportive of the proposals.
- 6.2 This proposal will be subject to Section 20 Leaseholder Consultation at all stages.
- 6.3 Once approval to proceed is in place the refurbishment proposals will be consulted on with the local communities affected.

6.4 Members of the Resident Excellence Panel will be invited to participate in the tender evaluation process. Members of the Resident Excellence Panel have been trained in the evaluation process and have provided positive contributions when previously involved in evaluation processes.

7. Impact on corporate policies, priorities, performance and community impact

7.1 The improvement of the Council's housing assets supports the Council's key priorities through the provision of quality housing and estates people are proud to live on.

7.2 The Council's Social Value Framework will be an integral part of the tender documents and bidders will be required demonstrate how they will generate added value for local communities, support the local economy through opportunities for local businesses and providing local job opportunities.

8. Implications

8.1 Financial

Implications verified by: **Mike Jones**
Strategic Lead - Finance

The re-procurement of delivery arrangements is required to ensure continuity of programme delivery in order to meet the budget investment profile for years 2020/21 to 2024/25. The estimated spend shown in this report is in line with the HRA Business Plan provision for the contract period.

8.2 Legal

Implications verified by: **Kevin Molloy**
Solicitor – Law and Governance

The recommended option for procurements will require full leasehold consultation from Stage 1 to Stage 3 under Section 20B of the Landlord and Tenant Act 1985 (amended). Therefore adequate timescales need to be considered as part of the procurement process for this.

The value of the contracts for both construction and cost management support exceed the threshold within the Public Contracts Regulations 2015 which therefore requires either advertisement through the Official Journal for the European Union (OJEU) or use of a previously procured and accessible framework. The recommendation is for use of the second option using public sector accessible frameworks.

The report author and responsible directorate are advised to keep Legal Services fully informed at every stage of the proposed tender exercise.

8.3 **Diversity and Equality**

Implications verified by: **Natalie Smith**
**Strategic Lead – Community
Development and Equalities**

A full community equality impact assessment has been undertaken of the implementation of the Housing delivery of the investment programmes.

This significant investment represents a real opportunity to provide additional social value to the local communities in the borough. It is therefore important that the commissioning and contract management approach continues to support a framework for social value delivery to support training and employment opportunities for our communities and maximise spend in the local economy.

8.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder, and Impact on Looked After Children)

None

9. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright): -

None

10. **Appendices to the report**

None

Report Author

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Strategic Lead for Housing Investment Repairs and Compliance