

## **Adults and Children's Committee**

21 June 2016

### **Years 5 and 6 Better Homes Programme Mini-Tender Award Report (Part 1)**

Report by the Director of Place

#### **Purpose**

To award contracts for the Years 5&6 Better Homes Programme.

#### **Recommendations of the Portfolio Holder for Adults Social Care and Health**

To **resolve** that -

1. contracts are awarded to the named Service Providers recommended in the exempt section of the report ('recommendation 1') for a period of 24 months from 1 September 2016, with the arrangements for a reserve contractor as set in recommendation 2 of the exempt section of the report;
2. the Director of Place is authorised to conclude all necessary contractual processes and arrangements for service mobilisation with the appointed Service Providers.
3. the Director of Place is authorised to operate the resulting contracts in accordance with the powers conferred on them by the terms of the contract.
4. it be noted that Years 5 and 6 are the final two years of the Better Homes Programme and the Framework Agreement. No further call offs from the Framework Agreement are permissible beyond 31 October 2018.

#### **Key Points**

- A. Each of the three Service Providers submitted valid mini-tenders which have been evaluated by a panel of officers and consultants Philip Pank Partnership and Savills (UK) Limited.
- B. This report details the process undertaken and recommends that two Service Providers are awarded a Term Partnering Contract from the Framework for a period of 24 months from 1st September 2016.
- C. The Better Homes programme is planned to be completed during financial year 2018/19 given the current available capital funding. The Council entered into a four year Framework Agreement with three Service Providers, United Living Limited, MITIE Property Services (UK) Limited and Mears Limited in May 2014 to deliver Years 3 to 5 of the Better Homes Programme.
- D. Following a competitive tender concluded in December 2013, MITIE Property Services (UK) Ltd and United House Ltd were awarded works in the two contract areas comprising the Year 3 Better Homes Programme. 'Area A' was awarded to United House Ltd and 'Area B' to MITIE. The third ranked tenderer was Mears Limited who were appointed to the Framework but not offered any work in the first year (Year 3) of the Programme. Year 4 Better Homes Programme 'Area C' was awarded to Mitre and 'Area D' to Mears and United Living continued with Year 4 works on Norbiton and Mount Pleasant Estates.
- E. Provided certain conditions are met, the Framework Agreement requires the Council to award further work for the second and subsequent years of the Better

Homes Programme by way of mini-competitions between all three Framework members. As a consequence, it is possible Service Providers may move from area to area or there may be a change of Service Provider in subsequent years.

- F. In accordance with the Procurement Strategy dated 18 December 2015 and pursuant to the Framework Mini-Competition rules, the Council issued Mini Tender Documents on 29 March 2016 to the three Framework Service Providers inviting them to bid for works packages in Years 5 & 6 being the final two years of the Better Homes programme.

## Context

1. Works in Year 3 were split into two Areas, A and B. Year 4 works were awarded in two further areas, C and D so it follows that Years 5&6 are apportioned to two new areas, E and F. 'Area E' is the bigger of the two packages with around 351 properties and 'Area F' with around 335 properties. The list of these properties is attached as **Annex 1** to this report. The final number of properties receiving works will be subject to validation surveys and access.
2. The value of new work in Years 5 and 6 will total circa £11.5m across both areas; a considerable reduction on the value of last year's Mini-Competition as the Better Homes Programme concludes and the impact of the Government's rent reduction regime is accounted for.
3. In light of the relatively low programme value and in order to attract best value for money bids, the Procurement Strategy recommended this year's Mini-Competition covers the final two years of the Framework that will see the Better Homes Programme conclude by the summer of 2018. The Framework Agreement is deliberately not prescriptive on the frequency of mini-competitions that may be conducted throughout its term. This allows the Council the flexibility to conduct as many mini-competitions as they wish in order to reflect the work type and value required.
4. Given the expected value of work for the final two years of the Framework totals circa £11.5m, it is not feasible to award the relatively low value of work in two, annual mini-competitions.
5. The funding for the Better Homes works has been spread over two consecutive financial years with works comprising the current Year 4 Programme not expected to conclude until August 2016. £14.3m of funding is anticipated to be available from April 2016 to deliver the Better Homes Programme Years 5 and 6 works that includes works carried over from 2015/16 and final agreement of the Years 3 and 4 final costs.
6. It follows therefore that each of two Service Provider's to be awarded works from the Years 5 and 6 Mini-Competition will deliver work to an estimated value of £5.5m each per year for the next two years that is contained within the existing funding envelope.
7. The position regarding the Better Homes Programme and Cambridge Road Estate (CRE) is that once the master plan and programme for the regeneration of the estate has been finalised, the extent and timing of any required Better Homes works will be reviewed. The timescale for the completion of the Better Homes Programme, given the impact of the 1% rent reduction on the available capital funding, has been extended with current completion date being 2019. Therefore, depending on the

regeneration programme, the need for any Better Homes works can be assessed and still delivered subject to funding by the end of the programme in 2019.

8. Any property not receiving works as part of the Better Homes Programme due to non-access or tenants declining works will be included in future capital programmes, post 2018/19, subject to capital funding and approval of the programmes.

### **Mini-Tender Approach and Process**

9. The three Service Providers appointed to the Framework each completed a comprehensive written qualitative submission in their original tender setting out their detailed approach to delivering the Better Homes Programme in response to eighteen 'Tender Action Points.' It was not necessary to replicate that qualitative assessment in the Mini-Tender for Years 5 and 6 as the Service Providers have already demonstrated their competence in competitive tender.
10. However, the Council is required to make a judgement on the Service Provider's ability to deliver the final years of the programme through a similar assessment of quality and price. The qualitative submission was reduced to focus primarily on resourcing, programming, resident liaison and customer care, quality control and workmanship, budget management and a new Employment and Skills Plan.
11. Mini-tenders were assessed on the same pre-determined price / quality ratio of 60:40 as the original Framework tender where 60% of the available marks were allocated to the qualitative aspects of the bid and 40% to price. Both aspects of the evaluation were undertaken separately of each other with 167 marks being the maximum possible score available.
12. Mini-Tenders were invited using the Council's e-tendering system, 'Pro-Contract' on 29th March 2016 with a closing date of 29 April 2016. The Mini-Tender Documents comprised the Instructions for Mini-Tendering, Form of Tender, a Term Brief describing the Council's requirements, Technical Specifications and the Pricing Documents. Details of the pricing approach are discussed in more detail at in the exempt section of this report. In addition to the Pricing Documents, Service Providers were required to submit responses to a number of 'Mini-Tender Action Points' in accordance with the quality evaluation criteria.
13. The total marks available were an unusual number as the Council's e-tendering system, 'Pro-Contract' limits the marks available for scoring qualitative submissions to 100. In order to preserve the 60:40 ratio between quality and price, it was necessary to award 67 marks to price being 40% of 167 (rounded to the nearest whole number). The scoring mechanism was clearly set out in the mini-tender documents so each of the Service Providers had a full understanding of how their bids would be evaluated and scored.
14. All three Service Providers returned a compliant bid by the closing date of 12:00 Noon on Friday 29 April 2019.
15. In accordance with good practice and the principles of open book pricing, Service Providers were required to submit prices for their Site Based Overheads (Preliminaries), Central Office Overheads and Profit separately from the cost of the works. This enabled a comprehensive assessment of the actual cost of the works to be undertaken in tandem with a review of each Service Provider's costs to deliver them.