

<b>Report to</b>	Cabinet
<b>Date of meeting</b>	28 <sup>th</sup> March 2023
<b>Lead Member / Officer</b>	Councillor Rhys Thomas / David Lorey
<b>Head of Service</b>	Steve Gadd / Liz Grieve
<b>Report author</b>	Mark Cassidy
<b>Title</b>	Renewal of the Housing Maintenance Voids Contractor Framework

## **1. What is the report about?**

- 1.1. To seek approval to commence a procurement and enter into a contract to appoint a number of contractors to a framework to undertake refurbishment work to empty domestic properties owned by the Council (known as voids). The value of the framework over 4 years is expected to be approximately £11 million.
- 1.2. The provision of a framework will reduce costs and time in respect of undertaking works on void housing units, increasing income into the Housing Revenue Account while maintaining the exceptional standard that has been set in terms of quality housing for the Council's housing tenants.

## **2. What is the reason for making this report?**

- 2.1. To seek Cabinet approval to carry out a re-tendering exercise.

## **3. What are the Recommendations?**

- 3.1. That Cabinet approves the re-tendering of the voids framework
- 3.2. That the Committee confirms that it has read, understood and taken account of the Well-being Impact Assessment (Appendix 1) as part of its consideration.

## 4. Report details

- 4.1. Denbighshire County Council is responsible for the management and maintenance of approximately 3500 council houses. When tenancy agreements come to an end, the property is termed a void and works are undertaken to ensure that the property is suitable for re-letting to another tenant. The Council deals with circa 250 void housing properties per annum.
- 4.2. In November 2017 an Internal Audit report identified the procurement process for Works to voids as having only a medium Assurance Rating. Discussions with the Procurement Team at that time determined that the most suitable compliant route to market is to set up a framework.
- 4.3. The Council has reviewed its letting standards and vastly improved the quality of the homes it lets. This has inevitably led to increased costs and turnaround times for void properties which, while the Service is happy to absorb these costs (funding for voids has increased from £997,807 in 2015/16 to £2.8M means that the need to ensure value for money via a competitive tender process is more important in the current climate due to the increasing costs such as materials. It is anticipated that the framework will also reduce void turnaround times allowing individual contracts to be let via a call off process.
- 4.4. The framework will form an agreement with contractors and establish terms governing cost, quality and performance via key performance indicators. The Framework will be procured again by Open Tender with a 60% Price and 40% Quality focus.
- 4.5. The works will be priced via a schedule of rates & competitive tender via priced spec.
- 4.6. The specification will comprise of a wide range of works, and it is important to highlight that each property is received in a different condition.
- 4.7. The proposal is to appoint between 3 and 5 contractors onto the Framework in the following Lots covering the whole of the County:

Value of work (per property)	Number of contractors North	Number of contractors South
£0-£8,000	3-5	3-5

£8001 to 50,000	3-5	3-5
-----------------	-----	-----

4.8. The retendered Framework will initially be let for 2 years with possible extensions of one plus one years following review in the second year. The Council has an in house repairs team that also carry out works to vacant properties, and there is a commitment that this arrangement will continue in line with the capacity of the internal workforce.

4.9. All the work will be specified, managed, monitored and signed off by the Voids Management Team. Regular meetings with contractors will be held to monitor compliance to the framework KPIs.

4.10. The expected Framework value over the four years 2+1+1 is £11,000,000. The anticipated value of each lot is:

£000	North	South
0-8	Lot 1 Annual Value £1m	Lot 2 Annual Value £0.8m
8.1 to 50	Lot 3 Annual Value £0.6m	Lot 4 Annual Value £0.4m

4.11. The framework will provide an opportunity for local SME's to apply to be part of the framework and if appointed carry out via a pre-determined pipeline of work and potentially generate additional opportunities for companies outside of the County to invest and utilise/develop local labour and materials supply chains.

4.12. References from existing customers will form part of the quality assessments. The contractors will have to demonstrate that they have a good record of delivering a similar range and size of projects. Regular monitoring of quality related KPI's will ensure any issues are addressed quickly and non-conforming contractors will be suspended from the framework. Financial penalties will also be applied to projects not completed within set timescales.

4.13. The framework tender will require any successful contractor to have or establish a local base and employ DCC residents through a set of community benefit schemes linked to KPI's. Targets for spend within the County/surrounding areas

will be set and monitored to ensure as much local economic growth as possible can be encouraged.

4.14. To be compliant with the Council's Contract Procedure Rules and EU Legislation, a competitive tendering process needs to be undertaken. A decision is required to commence the procurement of a Void housing maintenance and refurbishment Framework via an OJEU compliant procurement process and evaluation procedure.

4.15. A further report will be presented to Cabinet to report on the outcome of the procurement exercise and seek permission to award the contract.

## **5. How does the decision contribute to the Corporate Plan 2022 to 2027: The Denbighshire We Want?**

5.1. A renewed Framework will support priorities within the current (2022-2027)

Corporate Plan in terms of:

- A Denbighshire of quality housing that meets people's needs
- A greener Denbighshire

## **6. What will it cost and how will it affect other services?**

6.1. The cost over a four-year framework (2+1+1) are in the region of £11M.

## **7. What are the main conclusions of the Well-being Impact Assessment?**

7.1. The framework was awarded 30/36 points with a three-star rating.

7.2. The Framework will have an overall positive impact on Denbighshire due to:

- Improved conditions of the housing stock
- Opportunities for local contractors to carry out the works
- Business for the local supply chains for building materials
- Community benefits to include apprentice opportunities

The wellbeing assessment is attached at appendix 1

## **8. What consultations have been carried out with Scrutiny and others?**

8.1. The procurement team have been involved in the development of the framework proposals and the principle has been agreed with the Finance and Property HoS, Housing HoS & Housing Lead Officer.

8.2. Consultation has been carried out with the contractors currently used on the Void Framework and other works. Many have expressed an interest in being included on the next Framework.

## **9. Chief Finance Officer Statement**

9.1. Ensuring that the appropriate maintenance work is carried out when council dwellings are vacated is a key part of our strategy to improve the quality of our housing stock. This procurement exercise will help ensure that we continue to demonstrate value for money is being achieved. The report is supported.

## **10. What risks are there and is there anything we can do to reduce them?**

10.1. The following key risks have been identified and will be managed by the Framework Management Team:

10.2. Legal challenge in relation to the procurement process – managed by the input of specialist legal and pricing advice in terms of the process and drawing up the required documentation;

10.3. Contractors withdraw from the Framework or

10.4. Go into liquidation – the remaining contractors on the relevant Lot should be able to manage the workload in the short term until another contractor is appointed.

## **11. Power to make the decision**

11.1. The power to make decision is contained in S2 Local Government Act 2000, S111 Local Government Act 1972, Regulation 33 Public Contracts Regulations 2015.