

Report to the Cabinet



Report Reference: C-041-2010/11

Date of meeting: 6 December 2010

**Epping Forest
District Council**

Portfolio: Housing.

Subject: Waiver of Contract Standing Orders – Housing Contracts.

Responsible Officer: Paul Pledger (01992 564248).

Democratic Services: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

(1) That the requirements of Contract Standing Orders C6 – C12 continue to be waived to allow the Housing Directorate to:

(a) Continue to use specialist contractors to undertake a variety of specialist works for the Housing Directorate without undertaking the full tendering processes required by Contract Standing Orders, subject to - in respect of all individual jobs exceeding £1,000 in value - either:

(i) quotes being obtained; or

(ii) works benchmarked and let based on the current schedule of rates used by the Housing Repairs Service; and

(b) Use the specialist service providers listed in the report for services in excess of £25,000 without competition, for the reasons given in the report;

(2) In accordance with good practice, to note the use of specialist contractors and suppliers by the Housing Directorate in 2009/10, where Contract Standing Orders C6 – C12 were not followed as previously agreed by the Cabinet, for the reasons given in the report; and

(3) That a retrospective waiver of Contract Standing Order C6-12 be agreed in respect of an aggregated expenditure with Paragon Office Supplies Ltd just in excess of £25,000.

Executive Summary:

The report explains the need to continue to have waivers of Contract Standing Orders for specialist repairs work in excess of £50,000 in value – for which alternative competition arrangements have been used - and for suppliers of other specialist services in excess of £25,000, and asks the Cabinet to note the use of such specialist contractors and suppliers in 2009/10.

Reasons for Proposed Decision:

With 16 Framework Agreements in place, and plans in place to let a further 6 contracts, it can be seen that expenditure with contractors not in formal contracts with the Council has reduced

and will continue to reduce. Until such time as all repairs work that are not undertaken by the Housing Repairs Service are let through formal contracts, Contract Standing Order C6 (Contracts Exceeding £50,000) needs to be waived and the Cabinet receive regular progress reports on expenditure with contractors.

It is necessary and appropriate for the Council to use other specialist service providers, for services in excess of £25,000, without undertaking competitive tendering.

Other Options for Action:

To reduce the level of expenditure with each contractor and/or supplier to a level that complies with Contract Standing Orders. This would mean having to spread the work out between more contractors and/or suppliers, which will be more time consuming and will likely lead to higher costs to the Council.

To undertake formal competitive tendering for works in excess of £25,000 and £50,000 as appropriate, which would severely affect repairs response times, which are already too long.

Report:

1. The Cabinet, at its meeting in September 2008, considered a report on the future of the Building Maintenance Works Unit (now referred to as the Housing Repairs Service (HRS)). As part of that report, the Cabinet agreed to retain but downsize the HRS in a structured way and to increase the use of contractors to undertake responsive repairs, as and when the need arises - either through existing or new framework agreements, in accordance with Contract Standing Orders, Leasehold Legislation and EU legislation.

2. At that meeting, the Cabinet also agreed that Contract Standing Order C6 (Contracts exceeding £50,000) be waived for a range of responsive repairs work that will be undertaken by private contractors and not by the HRS, to the aggregated value of around £750,000 per annum. This is until such time as new framework agreements can be tendered in accordance with EU legislation, leasehold legislation and Contract Standing Orders. In addition, it was agreed that value for money tests continue to operate and that an annual report be presented to the Cabinet setting out progress in respect of setting up contracts for responsive repairs and reporting expenditure with contractors. This principle was discussed again the following year and approved by the Cabinet at its meeting on 9 September 2009.

3. Since September 2008, the Housing Directorate has reviewed the ways in which work is allocated to the sub-contractors, and has either allocated work to existing Framework Contractors or has put in place new framework agreements. To date, a total of 16 Framework Agreements have been let, and plans are in place to let a further 6 contracts. Two have been re-tendered as they were due to expire. New framework agreements are planned for general repairs, damp-proofing, drainage repairs, asbestos removal, lift maintenance and installation of extract fans. The benefits of using framework agreements is that there is flexibility in the flow and quantity of work, which allows Officers to prioritise works to those properties most in need as and when it is identified and they also allow a rapid response when particular problems arise. It also allows greater control over budgets, since the contract can be capped to suit the budget.

4. The Council's Chief Internal Auditor has previously advised that any individual or serial contracts let to specialist providers for more than £50,000 per annum, without competition, should be reported to the Cabinet annually.

5. The table below illustrates the total expenditure with sub-contractors in 2008/9, 2009/10, and gives their projected expenditure for 2010/11:

Sub-Contractor	Amount (08/09)	Amount (09/10)	Specialism	Projected Spend (10/11)
*B Adams	£52,908	£48,076	General repairs & voids	£48,000
*G A & D Perry	£62,709	£58,962	General repairs & voids	£45,000
*J McIntock & Sons Ltd	£35,441	£23,811	General repairs & voids	£30,000
Lisnick Property Services	£123,760	£71,242	General repairs & voids	£50,000
*Tarbrook Construction Ltd	£36,554	£2,287	General repairs & voids	No longer used
Waltham Forest Fencing	£50,759	£22,176	Fencing	£42,000
Cartel Security Systems Ltd	£64,759	£36,647	Door Entry Maintenance	Framework
JAC Technical Consultants Ltd	£80,791	£12,190	Consultant Surveyors (Insurance Work)	£12,000
Lamoura Associates Ltd.,	£258,316	£114,186	General Builders and Damp Specialists	No longer used
*Abbey Drains Ltd	£42,775	£46,555	Drainage repairs	£46,000
Environmental Drainage Services	£27,945	£46,366	Drainage repairs	15,000
OTIS Plc	£12,260	Contract	Lift Maintenance	Contract
Merritt Construction Services	Nil	£51,876	General repairs & voids	£20,000
*R & S A Corpe		£18,102	Flat Roof Repair Specialists	£35,000
Total	£848,977	£552,476		£295,000

* Companies based within the District.

6. As can be seen from the table above, expenditure with sub-contractors not engaged through a contract has reduced significantly year on year since 2008, a 65% reduction in just 2-years.

7. In order to test value for money, where individual jobs exceed £1,000 in value, alternative quotes are obtained or works are benchmarked and let based on the current schedule of rates.

8. In addition to the above table of contractors, the Housing Directorate has also placed orders, without competition, with the following specialist service providers or suppliers in 2009/10, and will continue to use these services in 2010/11, where the expenditure was - and will be - in excess of £25,000. The paragraphs following the table provide the detail:

Supplier	Exp (08/09)	Exp (09/10)	Specialism
Technical Resourcing Solutions	58,939	Under £25,000	Recruitment Agency
TMP Worldwide Ltd	60,833	30,680	Recruitment Services
Tunstall Telecom Ltd	178,792	42,590	Emergency monitoring equipment and services

Vehicle Trackers

9. As part of the Repairs Refresh Programme, it was recognized that in order to provide improved monitoring of the Council's fleet vehicles, tracking devices should be installed in all of the fleet vehicles used by the Housing Repairs Service. Three quotes were obtained, based on a 36-month lease. The total cost over that 36-month period was £30,051. This is not a breach of Contract Standing Orders.

Recruitment Services and Recruitment Agencies

10. TMP Worldwide Ltd provide a corporate recruitment advertising service, and the expenditure recorded above relates to orders placed by the Housing Directorate.

Tunstall Telecom Emergency Control

11. In June 1984, the Council decided to set up and run a 24-hour emergency alarm service for vulnerable people in the District. The Council approved Tunstall Telecom as the sole supplier of its emergency alarm equipment and associated IT systems (Piper Network Controller). Again, this equipment needs to be maintained and kept up to date; therefore the Council has a service agreement with Tunstall Telecom to cover the ongoing maintenance costs, installation costs and repairs. However, some of this cost is recovered from the users through the fees and charges associated with the dispersed alarms.

12. The quality of the service provided by Tunstall Telecom is monitored on a quarterly basis against the Service Agreement, through management performance indicators. The response times for repairs and the quality of the service provided continues to be very good.

13. The review of the Careline Service was reported to the Cabinet in 2008, and it was agreed that the service be retained and extended.

Idea Marketplace

14. Since the introduction of the Corporate Idea Marketplace electronic ordering systems, it has been possible to monitor more accurately expenditure with individual suppliers. As a result, it has been noted that in 2009/10 the Housing Directorate exceeded the £25,000 limit within Contract Standing Orders with Paragon Office Supplies Ltd (stationary, office supplies and office furniture) by just £47.48. Albeit a small overspend, it is a requirement that this is reported to the Cabinet and that a waiver of Contract Standing Order C6-C12 be sought retrospectively.

Resource Implications:

Around £5.5m within the HRA and £6m within the Capital Programme for all planned maintenance and responsive repairs to HRA properties.

Legal and Governance Implications:

EU legislation, Leasehold legislation, Housing Act 1985, Financial Regulations and Contract Standing Orders.

Safer, Cleaner and Greener Implications:

None.

Consultation Undertaken:

None.

Background Papers:

Purchase and Works Orders.

Impact Assessments:

The need for Equalities Impact Assessments has been considered but deemed unnecessary.

The main risk to the Council are that:

- (a) Orders are given to specialist contractors and suppliers, when similar works and supplies which meet the Council's requirements could be obtained from other contractors and suppliers at a lower cost. However, in respect of the use of specialist contractors, this does not arise since alternative arrangements are put in place for works in excess of £1,000.
- (b) In respect of specialist suppliers, there is the potential for fraudulent orders being provided. However, in view of other controls in place (including the need to report such use to the Cabinet on an annual basis) this risk is severely mitigated.