

Report to the Cabinet

Report reference: C-073-2010/11

Date of meeting: 18 April 2011



**Epping Forest
District Council**

Portfolio: Housing

Subject: Acceptance of Tender – External Repairs and Redecorations

Responsible Officer: Paul Pledger (01992 564248)

Democratic Services Officer: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

(1) That SC Grover Ltd be awarded the contract, renewable annually for up to a total of 4-years, for the external repairs and redecorations to all Council owned properties and Council leasehold properties throughout the district, for the tender sum of £163,124.95 in the first year based on a schedule of rates contract, being the lowest tender received for the options available;

(2) That the contract be varied to allow expenditure up to the value set in the Housing Revenue Account budget for this work per annum using the tendered schedule of rates, which for 2011/12 and over the following 3-years is £851,000 per annum, totalling around £3.5 million; and

(3) That this contract be designated as a serial contract under Contract Standing Order C12 to facilitate the annual increase in the schedule of rate items in accordance with the Building Cost Indices.

Executive Summary:

In accordance with Contract Standing Orders, tenders have been invited from five contractors registered with Constructionline to undertake external repairs and redecorations to all Council owned and leased properties over a 4-year period. The tenders have been evaluated by the Council, and it is recommended the appointment of the lowest tender on the basis of a full and valid tender.

Contractors were invited to provide tenders based on two contractors being selected to undertake the work in half of the District each, but also state if any discount would be provided if the contractor covered the whole of the District.

Reasons for Proposed Decision:

In order to satisfy the requirements of Contract Standing Orders, whereby the contract value is in excess of £2 million over the life of the contract, the Cabinet is asked to consider the outcome of the tender exercise.

Other Options for Action:

- To appoint two contractors one for each of the two geographical areas of the district and not benefit from the economies of scale reductions.

- Not to undertake the external repairs and redecorations work on a cyclical basis. However, this would result in properties falling into disrepair and subsequently fail the Decent Homes Standard.
- To tender the works on an annual basis. However, this would be time consuming and inefficient, and at the same time would not guarantee more competitive tenders due to the economy of scale.

Report:

Background

1. The Council has always maintained the external envelope of its housing stock, by undertaking external repairs and redecorations on a cyclical basis. This was previously carried out based on an annual tendering exercise, and appointment of up to six separate contractors, supervised by 3 Council Officers.

2. However, five years ago, this approach was radically changed, when a new type of contract was used, whereby Partnership working was introduced. The properties in the district were split into two geographical areas (North and South) and a performance contract was let with two contractors, whereby they were required to bring the properties up to a minimum standard of condition. The responsibility to inspect and schedule the work shifted to the Contractors, with Council Officers post-inspecting for quality and quantity. This shift in working procedure saved the Council 2 x FTE Officers' time. The standard of work remained at the same high standard.

3. The resultant saving in staff resources enabled the Council to cease using expensive Consultants to help manage other planned maintenance programmes of work. This saving, amounting to around £193,000 over the last 5-years, has been recorded as an efficiency saving.

4. Following the success of this contractual approach to cyclical repairs and redecorations, tenders have been sought in accordance with Contract Standing Orders, from five Contractors, each of whom are registered on Constructionline, using the same form of contract as previously used.

5. A sixth contractor was initially invited to tender. However, it later transpired that they were no longer registered on Constructionline and therefore were excluded from the tender process after the documents were released. Despite being notified that their tender was withdrawn, Ambassador Group still submitted their tender, which was opened purely to identify the sender. Although this tender was recorded at the tender opening, the tender of the Ambassador Group will not be considered.

6. As before, the invitation to tender was based on a detailed Schedule of Rates which can then be used as the contract administration and payment mechanism for the works undertaken at each property. The contracts are based on an annual term, renewable each year, subject to the contractors' performance and quality of workmanship, for up to 4-years in total, with the annual sum capped at the sum included in the Housing Repairs Fund each year.

7. The tenders were returned on the 8 April 2011 and opened by the Housing Portfolio Holder on the 11 April 2011. The results of the tenders are recorded in the table below. Although these figures relate to the contractor undertaking all the work across the whole of the District, they are based on an approach whereby two contractors are appointed one for

the North and one for the South of the District.

Result	Contractor	Located	Tender Sum £
1	S C Grover Ltd	Harlow	163,125.00
2	Flowline (Builders) Ltd	Colchester	172,403.53
3	Seddon Property Services	Romford	184,187.68
4	Quill Construction Ltd	Rayleigh	230,219.65
5	Page Roofing Ltd	Grays	260,029.50

8. All five tenders returned have been completed in full and in accordance with the instructions to tender.

9. In order to ensure value for money, a full and comprehensive tender evaluation and price framework review was carried out on the tenders submitted. The evaluation found that the tenders returned have been completed in full and the rates contained in the tenders have been consistently priced. However, although each schedule of rate item contained within the tenders were priced correctly there were a number of arithmetical errors in carrying the schedule of rate totals to form the tender sum within 4 of the tenders. When these arithmetical errors are corrected the actual tender sums are as follows:

Result	Contractor	Located	Tender Sum £
1	S C Grover Ltd	Harlow	163,124.95
2	Flowline (Builders) Ltd	Colchester	177,083.53
3	Seddon Property Services	Romford	178,379.68
4	Quill Construction Ltd	Rayleigh	246,834.63
5	Page Roofing Ltd	Grays	260,029.50

10. As shown above, the tender evaluation identified a minor arithmetical error in the tender submitted by S C Grover Ltd which, when corrected, gives a corrected total of £163,124.95.

11. Incorporated in the tender documents was the provision for the tenderers to demonstrate economies of scale in the award of one contract to cover both areas North and South of the District. S C Grover Ltd, has tendered reductions in the schedule of rate item costs of 3% for the repairs and painting items along with a 5% reduction of the central office overheads.

Contractor	SOR % painting	SOR % repair	SOR % office	SOR % site	SOR % schedule
S C Grover Ltd	-3	-3	-5	0	0
Flowline (Builders) Ltd	0	0	0	0	0
Seddon Property Services	-2	-2	0	-1	-50
Quill Construction Ltd	-2	-2	0	0	0
Page Roofing Ltd	-10	-5	0	0	0

12. The tender evaluation has identified cost benefits which can be achieved over the 4-year period if the contract is awarded to one contractor being the lowest tender submitted by S C Grover Ltd.

13. The effect of the percentage reductions on the tender sums submitted by each contractor is shown in the table below. These savings amount to a total of £4,830.75 on the

schedule of rate items included in the tender submitted by S C Grover Ltd. When these reduced schedule of rate items are applied to the anticipated budget for the first year, savings of around £24,000.00 per annum are achieved and over the full term of the contract, savings of around £96,000.00 are achieved.

Result	Contractor	Located	Discounted Sum £	Tender
1	S C Grover Ltd	Harlow	158,294.25	
2	Flowline (Builders) Ltd	Colchester	172,403.53	
3	Seddon Property Services	Romford	179,319.93	
4	Page Roofing Ltd	Grays	235,637.30	
5	Quill Construction Ltd	Rayleigh	242,151.91	

14. The tender submitted by S C Grover Ltd, being the lowest tender submitted, based on a set of schedule of rate items for the ongoing and future cyclical external repairs and redecorations, is considered to represent good value for money and therefore it is recommended that one contract be awarded accordingly, initially for a one year period and then extended annually subject to a good standard of workmanship and performance.

Resource Implications:

The overall budget for cyclical external repairs and redecorations in the Housing Repairs Fund is £851,000 for 2011/12, with a similar amount per annum index linked. This amounts to around £3.5 million over the duration of the contract if the contract is extended to its full term.

Legal and Governance Implications:

Housing Act 1985.
 Contract Standing Orders
 Commonhold and Leasehold reform Act 2002
 Landlord and Tenant Act 1985

Safer, Cleaner and Greener Implications:

Cyclical external repairs and redecorations enhance the visual appearance of the Council's housing estates.

Consultation Undertaken:

Leaseholders have been consulted in accordance with Section 20 of the Landlord and Tenant Act 1985 and the Commonhold and Leasehold reform Act 2002

Background Papers:

Contract specification and tender documents.
 Tender evaluation report
 Section 20 notices to Leaseholders

Impact Assessments:

Risk Management

The contract terms have been developed based on a working experience over the 5-year duration of the previous contract, which has demonstrated a low financial risk approach to contract management, since the expenditure is capped in line with the available budget.

With the appointment of one contractor the level of risk with regards to the quality of the work will increase however the current level of contract management ensures the quality of the work undertaken. Also the contract has break clauses so that there is no commitment to undertake any further works beyond the first year.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? N/A

What equality implications were identified through the Equality Impact Assessment process?
N/A

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/A