

Report to the Cabinet



**Epping Forest
District Council**

Report Reference: C-005-2013/14

Date of meeting: 10 June 2013

Portfolio: Housing

Subject: Acceptance of Tender – Replacement Kitchens to Council Owned Dwellings

Responsible Officer: Paul Pledger (01992 564248)

Democratic Services: Gary Woodhall (01992 564470)

Recommendations/Decisions Required:

- (1) That Foster Property Maintenance be awarded a contract, renewable annually for up to 5 years, for replacement kitchens at various Council-owned properties throughout the district, with the tenders being based on a set of all inclusive combined schedule of rates per m² of kitchen area, all in the sum of £612,933.26 being the lowest tender received;**
- (2) That the overall value of the works be limited to the sum included in the Capital Programme on an annual basis;**
- (3) That this contract be designated as a serial contract under Contract Standing Order C11 to facilitate the annual increase in the schedule of rate items in accordance with The Department of Business, Enterprise & Regulatory Reform Building Cost Indices; and**
- (4) That Contract Standing Order C5 (Contracts in excess of £50,000) and C12 (Sub-Contractors and Nominated Suppliers) be waived in respect of the nominated supply of kitchen units by Premier Kitchens.**

Summary

Tenders have been sought in accordance with Contract Standing Orders for the replacement kitchen programme as part of the new Modern Homes Standard. However, as part of that tender, the Council has specified the kitchen supplier and range as part of the contract conditions in order to maintain the quality and long-term guarantees for replacement parts. Such a nomination requires a waiver of Contract Standing Order C5 (Contracts in excess of £50,000) and C12 (Sub-Contractors and Nominated Suppliers) as the value of the supply is in excess of 10% of the prime-cost sum. The Council will not enter into a separate contract for the supply, but will expect the framework contractor to supply the kitchens as specified.

Reasons for Proposed Decision:

The existing framework agreement with the current contractor has reached the end of its term, and as such it is necessary to re-tender the works. However, when the Council first started its kitchen replacement programme in 2001 as part of the Decent Homes programme, the Council specified a quality product based on long-term guarantees for moving parts, 20-25 year lifecycle

testing, and long-term guarantee on the supply of matching replacement parts. In order to maintain this quality, continuity and consistency, it is recommended that the existing kitchen range continue to be nominated and supplied through the Framework Contractor.

Other Options for Action:

- To re-tender the contract on an annual basis. However, this would be time consuming and inefficient. Re-tendering would not guarantee more competitive tenders.
- To seek quotations on an individual basis for each kitchen on an ad-hoc basis. However, this is very time consuming and is not cost effective, and given the volume of works per annum, this would breach Contract Standing Order C5 (3) with the works exceeding £20,000 in value during one financial year.
- Procuring the works as a combined contract, incorporating bathrooms. However, since kitchens and bathrooms are undertaken by two separate trades, it is normal for one or the other to be sub-contracted, which would mean an added element of overhead and profit, which the Council would have to pay.
- To open up the tender to allow each tenderer to put forward their own preferred kitchen manufacturer, thereby not nominating Premier Kitchens. However, this could lead to inferior kitchen quality and would lead to a long-term problem with regard to supply of replacement matching parts when dealing with responsive repairs; a situation made more complicated as the Council no longer has its own stores to hold a stock of replacement parts from different suppliers.

Report:

1. The existing framework agreement for the replacement of kitchens and bathrooms in individual council properties has reached the end of its term, and as such it is necessary to re-tender the works. This programme of works was first introduced in 2001 following the introduction of the Decent Homes Standard, with tenants being offered either a kitchen or bathroom under the programme. Most opted for a new kitchen.

2. Since 2001, the Council has installed new kitchens, to the design and colour choice of the tenant, in around 50% of its stock. From the outset, the Council has specified a quality product based on long-term guarantees for moving parts, 20-25 year lifecycle testing, and long-term guarantee on the supply of matching replacement parts, with Premier Kitchens as the supplier. In order to maintain this quality, continuity and consistency, it is recommended that Premier Kitchens continues to supply the kitchen units through the Framework Contractor, and that Contract Standing Order C5 (Contracts in excess of £50,000) and C12 (Sub-Contractors and Nominated Suppliers) be waived in respect of the Council nominating a sole supplier without undertaking a separate tender exercise, since the value of the kitchen supply exceeds 10% of the prime cost sum for each kitchen as a whole.

3. The tenderers were asked to price a range of “all inclusive” schedule of rates based on a per m² floor area that cover all expected kitchen installations known to exist in council owned properties, and includes for the detection, testing and safe removal (or encapsulating) of asbestos containing materials. The contract, initially for a period of one-year is renewable annually up to a maximum of 5-years, subject to the contractor’s performance and quality of workmanship.

4. A provisional sum of £1,000 per kitchen has been included in the tender rates for the supply of kitchen units, and will be paid based on an open book approach.

5. The budget for replacement kitchens in 2013/14 is £1.226M, with kitchen replacements listed as a “Key Building Component” as part of the Council’s new Modern Homes Standard.

6. Invitations to tender were issued to 6 contractors drawn from Constructionline, with the tender evaluation criteria based on lowest price.

7. The tenders were returned on 5 April 2013, and opened by the Housing Portfolio Holder on 9 April 2013 in accordance with Contract Standing Orders. The results of the tender opening were as follows:

Contractor		Local	Tender Sum £	Position
1.	Mears Plc	X	630,774.82	3
2.	Foster Property Maintenance	X	612,933.26	1
3.	Gracelands Complete Maintenance Ltd	✓	621,870.00	2
4.	V.S.N Enterprises	X	971,596.00	4
5.	S.C Grover Ltd	✓	1,132,851.00	5
6.	R.D.F Group	✓	No Return	

8. The tender analysis revealed only a minor arithmetical error with the lowest tender, which increased the tender sum by £37.89. Another error was recorded in that submitted by the highest bidder. The corrected tender sums are set out in the table below:

Contractor		Arithmetical Error £	Corrected Tender Sum £	Position
1.	Mears Plc	0.00	630,774.82	3
2.	Foster Property Maintenance	37.89	612,971.15	1
3.	Gracelands (CMS) Ltd	0.00	621,870.00	2
4.	V.S.N Enterprises	0.00	971,596.00	4
5.	S.C Grover Ltd	31,320.00	1,164,171.00	5
6.	R.D.F Group	No Return	No Return	

9. The lowest tender was submitted by Foster Property Maintenance in the sum of £612,971.15, and was fully compliant with the tender requirements. Foster Property Maintenance have not previously worked on any planned maintenance contracts on behalf of the Council, therefore reliance is placed on the performance and financial viability information held on Constructionline. However, this is in line with Contract Standing Orders.

10. It is therefore recommended that Foster Property Maintenance be awarded the contract for the replacement kitchens in individual council properties on an all inclusive schedule of rates based on a per m² floor area pro-rata calculation, limited to the budget included in the Capital Programme on an annual basis (currently £1.226M in 2013/14) for up to a maximum of 5-years for the tender sum of £612,971.15 being the lowest and tender received.

11. It should be noted that when the contract is extended beyond the first year, all tendered schedule of rate items are to be increased annually in line with the appropriate DTI Building Cost Indices.

Resource Implications:

A total of £1.226million from the existing capital programme for kitchen replacements in 2013/14.

Legal and Governance Implications:

The financial expenditure over a 5-year period is below that requiring an OJEU tender, therefore, this tender complies with the requirements as set out in Contract Standing Orders.

Safer, Cleaner and Greener Implications:

None.

Consultation Undertaken:

None.

Background Papers:

Tender evaluation report.

Customer Impact Assessment – Housing Repairs and Asset Management (including Gas Servicing).

Impact Assessments:

The need for separate Equalities Impact Assessments has been considered but deemed unnecessary, since a Housing Repairs Service and Asset Management Customer Impact Assessment has been carried out for all responsive repairs and planned maintenance works, which includes replacement kitchens. This includes monitoring customer satisfaction. Priority for works is based on the condition of the components in the home rather than the individual characteristics of the occupants.

The main risks to the Council and or mitigation factors have been taken into account are:

(a) The Council has not previously worked with Foster Property Maintenance. However they are registered with Constructionline for kitchen replacement works with sufficient financial stability to undertake contracts to a value of £15M, and a Company turnover of in excess of £21M. All payments are certified once work is completed, therefore the Council will not be in a position of overpayment in the event of the Contractor ceasing to trade.

(b) The contract is let based on a 1-year contract, renewable each year for up to a maximum of 5-years. The decision to renew the contract is based largely on performance and quality. Therefore, if Foster Property Maintenance fail to perform, the Council will be in a position whereby it can end the contract at the end of its one year term and not renew in future years.