

	EXECUTIVE – 23 JULY 2008	Agenda Item No.
Procurement of Responsive Repairs to HRA Properties		
For further information about this report please contact	Sean McCabrey, Repairs & Maintenance Manager, Housing and Property Services (01926) 456440 sean.mccabrey@warwickdc.go.uk	
Service Area	Housing & Property Services	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number	24/10/05 - Executive	
Background Papers	Future procurement of responsive repairs to council owned dwellings – Executive 24/10/05 Repairs to council homes – Social and Overview Scrutiny Committee 4/11/03 Stock Management Best Value Review Improvement Plan – Executive 13/1/03	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	Yes 92

Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report author's relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Relevant Director	24/6/08	Mary Hawkins
Chief Executive	27/6/08	Chris Elliott
CMT	27/6/08	
Section 151 Officer	24/6/08	
Legal	24/6/08	Simon Best
Finance	24/6/08	Mike Snow/Melanie Gillman
Portfolio Holder(s)	30/6/08	Councillor Mrs. Grainger
Consultation Undertaken		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. SUMMARY

- 1.1 The purpose of this report is to seek approval to commence the procurement of a range of responsive repair contracts for Housing Revenue Account (HRA) dwellings, garages and land to supersede existing contracts.

2. RECOMMENDATION

- 2.1 That the Executive approves the tendering of separate contracts for:
- Day to day responsive repair contracts for HRA assets (schedule of rates contracts)
 - Day to day responsive repairs to electrical systems in HRA properties
 - Repairs to void properties
 - Out of hours emergency responsive repairs
- 2.2 That tenders are sought under the Official Journal of the European Union (OJEU) process for an annual contract for day to day responsive repairs and repairs to void properties, which includes the option for a further annual extension up to a maximum of five years, subject to the contractor satisfying key performance indicators.
- 2.3 That the Head of Housing & Property Services, in consultation with the Council's Procurement Manager, is authorised to tender a contract for out of hours emergency responsive repairs and, as set out in the Code of Contract Practice, accept the best tender for the work
- 2.4 That, subject to approval, the re-tendering process is commenced to allow new contracts to be in place for April 2009.

3. REASONS FOR THE RECOMMENDATION

- 3.1 The existing contracts will expire at the end of the current financial year in March 2009.
- 3.2 Due to the value of the responsive repair contracts for day to day responsive repairs, day to day electrical repairs and void repairs, the tenders will need to be procured in compliance with the European procurement directive that requires the publication of a notice within the OJEU, allowing suitable companies to express their interest in undertaking the advertised works.
- 3.3 The day to day responsive repair contracts and the responsive electrical repairs contract are based on a schedule of rates, developed in-house, which has proved to be more cost effective than the previous non-contract based repairing arrangements and has led to enhanced contractor performance and tenant satisfaction.
- 3.4 The day to day responsive repair contracts are currently delivered through two area based contracts. Given the success of this arrangement, first introduced in April 2007 it is proposed to re-tender two separate area based contracts and continue the current restriction that prevents one contractor from being awarded both contracts
- 3.5 Careful consideration has been given to merging the void repair contract with the area based responsive repair contracts but it has been concluded that this would

not be cost effective and could be detrimental to performance on void re let times and void rent loss if labour is diverted away from void repairs to ensure emergency day to day repairs are completed or, vice versa, on responsive repair completion rates if priority is given to completing void repairs within target. However, it is intended to change the specification of the current contract so that the new contract will include the replacement of deteriorating solid floors affected by a defective shale or ash sub-floor in addition to the repair of all other void dwellings.

- 3.6 The value of the contract for out of hours emergency repairs, also due to expire in March 2009, is below the OJEU threshold. It is intended to seek a minimum of 5 tenders for an annual contract, also extendable annually up to a maximum of 5 years.

4. ALTERNATIVE OPTION CONSIDERED

- 4.1 Contracts for repair work to the HRA stock and assets are necessary to ensure that the Council meets its statutory repairing responsibilities as set out in the Housing Acts. There is therefore no option other than to commence a process to procure the work and to ensure that this is compliant with the Council's Code of Contract Practice and, where applicable, European procurement law.
- 4.2 There are a range of options as to how the work is specified. Consideration has been given to options ranging from a single contract that encompasses all the work described above, varying the specification of the work content within the 3 proposed contracts, and having a much larger number of lower value contracts for specific elements of responsive and void repairs. However, evaluation of past and current costs and performance and discussions with other housing providers have led us to conclude that the proposed configuration of the contracts is the most cost effective and will deliver the required outputs on both responsive and void repairs.

5. BUDGETARY FRAMEWORK

- 5.1 The current estimated value of the two area based responsive repairs contracts and the void repair contract exceeds £600,000 per annum in each case (2008/09 prices). The current estimated value of the electrical contract exceeds £400,000 per annum while the current value of the out of hours emergency repair contract is around £70,000 per annum.
- 5.2 Budget provision for all the existing contracts is available within the HRA budget approved for 2008/09.
- 5.3 All the proposed contracts would commence from April 2009. The procurement process will be completed in time to allow suitable budget provision to be recommended to Council for approval as part of the 2009/10 HRA budget setting process.

6. POLICY FRAMEWORK

- 6.1 The proposed procurement processes will comply with the Code of Contract Practice and all relevant procurement legislation. Advice on the OJEU procurement process will be sought from the Procurement Manager as appropriate.
- 6.2 The re-tendered contracts will support the achievement of three key areas within the Corporate Strategy: Leadership – to provide clear community leadership and

effective management of resources whilst delivering responsive public services in an open and transparent manner; Housing - to improve housing service efficiency to meet housing needs in the district and Customers – to improve the efficiency of service delivery to the council's customers.

- 6.3 The contracts are also critical to the deliver of key performance indicator CS2iii – to reduce the % of rent loss through properties being empty and local indicators relating to the % of responsive repair orders completed within target time.