



# Contract Award Report for Reactive Repairs Works to Council Properties

## Report Author

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## Purpose of Report

To seek approval to enter into contract with two contractors, for the provision of carrying out reactive repairs to properties owned by South Kesteven District Council.

The contract will be awarded for an initial period of 3 years with an option to extend for an additional 1+1 years.

## Recommendations

### Cabinet is recommended to:

- 1. Approve the award of contracts to Foster Property Maintenance Limited and Lukeman Electrical Services Limited to carry out reactive repairs to dwellings that are owned by South Kesteven District Council with an annual value of up to £2.2M split between both contractors for a period of 3 years with the option to extend for up to 2 years.**

## Decision Information

Is this a Key Decision?	Yes
Does the report contain any exempt or confidential information not for publication?	Yes
What are the relevant corporate priorities?	Housing Effective council
Which wards are impacted?	(All Wards);

## 1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

### ***Finance and Procurement***

- 1.1 The proposals have been undertaken in accordance with the Council's Contract Procedure Rules and the cost of the works will be met from allocated Repairs and maintenance budget. This budget allocation will be split equally between the two appointed contractors as far as practicable. Any spend will need to be maintained within the budget envelope set for repairs and maintenance and where this might be exceeded appropriate budget approvals will need to be sought.

*Completed by: David Scott – Assistant Director of Finance and Deputy s151 Officer*

### ***Procurement***

- 1.2 It is confirmed that a fully compliant procurement process has been completed and the Council's Procurement Lead has been consulted throughout the process.

Supplier Name	Foster Property Maintenance Limited Lukeman Electrical Services Limited
Initial contract duration	3 Years
Optional extensions	1+1 Years
Total contract duration Incl.Extensions	5 Years
Annual Contract value	£1.1M for each contractor = £2.2M per annum
Total Contract value	£11,000,000

*Completed by: Helen Baldwin (Procurement Lead)*

### ***Legal and Governance***

- 1.3 The necessary processes have been followed in accordance with the Council's Contract Procedure Rules – this decision is above the Key Decision threshold. There are no further significant legal, or governance implications not already highlighted within the body of the report.

*Completed by: James Welbourn, Democratic Services Manager*

## **2. Background to the Report**

- 2.1. The Council has a clear commitment in its Corporate Plan 2024 – 2027 to ensure that all residents can access housing which is safe, good quality, sustainable and suitable for their needs and future generations which this procurement will contribute towards achieving.
- 2.2. The Council is responsible for around 6,000 properties which are let to tenants. The Council seeks to improve the repairs service to residents by reducing the time taken to complete repairs. This requires the procurement of new contractors to support our in-house teams to build capacity to meet service demands and ensure that we can meet the timeframes set out in our new repairs policy.
- 2.3. The scope of works will include the following:
  - Responding to and rectifying various types of repair requests within SKDC Geographical area as advised in the Property List incorporated in the JCT Agreement.
  - Providing regular updates and reports to SKDC on completed and outstanding repairs.
  - Adhering to the NHF Schedule of Rates 7.2 version with the Contractor's proposed percentage uplift.
  - Developing integration with the Council's QL software for processing incoming repair requests and subsequent real time monitoring of the repair to practical and financial completion.
  - Management of Quoted works (outside Schedule of Rates) which will either be Major Repairs or Complex Repairs.
  - The incoming Response Repair Contractor must have suitable ICT software, Processes and Systems that allows monitoring and tracking of repairs in real-time, provides daily updates and data transfers to SKDC and will seamlessly integrate with SKDC's QL software for efficient processing of repair requests from tenants.
- 2.4. Working with Welland Procurement the Council conducted a procurement exercise to select 2 reactive repairs contractors to deliver works. The preferred procurement route was through open competition to ensure the best bidders were selected considering price and quality. The award criteria was based on 60% for the quality assessment, and the remaining 40% was for the price assessment.
- 2.5. Prior to any evaluation of bids the following pass/fail criteria were assessed:
  - Employers Liability Insurance (£5 million)
  - Public Liability Insurance (£5 million)
  - Professional Indemnity Insurance (£5 million)
  - Provision of 2 references where the supplier has conducted relevant previous work of similar contract value

- 2.6. The priced submissions were assessed by Welland Procurement and quality submissions assessed by three Council officers within the Technical Services team. Comments and scores of the evaluation were populated into a spreadsheet and returned to Welland Procurement.
- 2.7. After the quality evaluation was completed, a moderation meeting was facilitated by Welland Procurement to review the scores and to ensure that the scoring had been consistent and the key points in each question had been accounted for.
- 2.8. The evaluation scoring process was devised based upon a maximum score of 100% being available to each supplier as stated in the Tender documentation and outlined above.
- 2.9. Following the completion of the evaluation and moderation process the final scores awarded to the suppliers were as follows:

Rank	Bidder	Overall Score
1	Foster Property Maintenance Ltd	80.55%
2	Lukeman Electrical Services Ltd	75%
3	Bidder 3	73.98%
4	Bidder 4	73.30%
5	Bidder 5	70.28%
6	Bidder 6	53.77%
7	Bidder 7	0%
8	Bidder 8	0%
9	Bidder 9	0%

- 2.10 Three suppliers failed to meet the minimum quality requirements and were therefore eliminated from the procurement process.
- 2.12 It is therefore recommended that the Council enter into contracts with Foster Property Maintenance Limited and Lukeman Electrical Services Limited for the provision of repairs and maintenance services to the Councils housing stock.

### **3. Key Considerations**

- 3.1. The Regulator of Social Housing (RSH) expects that landlords to have robust systems for managing repairs and maintenance, ensuring that they are carried out effectively and efficiently. By appointing two contractors the Council will build capacity into the service to meet the demands on the service and meet the reduced timeframes for completing repairs that we have set out in our new repairs policy.

- 3.2. In addition, the Council has recently gathered data through tenant satisfaction surveys on how well the Council is performing and residents have identified that the time taken to complete repairs is a key priority. This valuable feedback has informed our plans to make improvements to the reactive repairs service.
- 3.3. The procurement process has been conducted in accordance with best practice and the relevant UK procurement regulations, ensuring the principles of transparency, equity and fairness have been adhered to.
- 3.4. The Council will use an 8 Working Day standstill period following the distribution of the notification letters (after approval has been granted).

## **4. Other Options Considered**

- 4.1. The Council could choose not to procure new contractors to deliver reactive repairs or procure just one contractor instead of two as outlined in this report. If the Council did not procure new contractors, it would risk using incumbent contractors who are out of contract and have not been appointed in accordance with an approved procurement route.
- 4.2. The option of procuring just one contractor was considered but was discounted to ensure there is adequate resilience to meet the fluctuating demand of a reactive repairs service and ensure that the Council do not risk placing all works with one contractor.

## **5. Reasons for the Recommendations**

- 5.1. There is a need for improvement to our repairs service and procuring new compliant contractors with increased capacity will ensure that improvements can be made to service provided to residents.
- 5.2. Once the recommendation has been approved, the preferred bidders and all unsuccessful bidders will be notified of the outcome simultaneously. Subject to the satisfactory return of due diligence, and no legal challenge being received, the Council intends to execute the Contract at the conclusion of any standstill period.

## **6. Appendices**

- 6.1 **CONFIDENTIAL** Appendix 1 – Welland Procurement Report