



Agenda item:

**Procurement Committee Meeting**

**On 27<sup>th</sup> April 2010**

**Report Title:** Planned Preventative Maintenance (PPM) Partnering Procurement

**Report authorised by:** Niall Bolger, Director of Urban Environment

*Niall Bolger . 27<sup>th</sup> April 2010 .*

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**Wards(s) affected:** All

Report for: **Key Decision**

**1. Purpose of the report (That is, the decision required)**

1.1 This report is seeking Procurement Committee agreement to procure a Partnering Term Contract/s for Planned Preventative Maintenance repairs and redecoration works to the Haringey Council housing stock.

**2. Introduction by Cabinet Member**

2.1 This report makes recommendations for a separate planned preventative maintenance and decorations Partnering Term contract to be established in order to obtain 'best value' for Council funds by taking advantage of the current economic climate.

2.2 As this proposed new Partnering Term contract will clearly be closely monitored by the Corporate Procurement Group, it should provide this Council value for money within the ambit of stated Council strategic priorities as long as clear Quality Control (fitness for purpose) measures are put in place, right from the start of the contract, which will give assurance that the contract will, actually deliver optimum benefits, for Haringey residents.

**3. Links with Council Plan Priorities and actions and /or other Strategies:**

3.1 Homes for Haringey supports the Council's Housing Strategy and is committed to providing an excellent housing service while effectively delivering an external decorations programme for the residents of Haringey. As its strategic delivery partner, Homes for Haringey is committed

to ensuring that the PPM programme meets the aspirations of residents and Members.

3.2 Homes for Haringey have in place an Asset Management Strategy which provides a strategic framework for delivery of the PPM programme. The objectives of these strategies are closely linked to the Council's, the Sustainable Procurement Strategy and Asset Management Plan.

3.3 The PPM programme will contribute to the achievement of Council Priorities by:

- Improving the life, condition and appearance of Council Housing stock
- Providing an improved environment for residents
- Delivering cost effective services through partnering

#### **4. Recommendations**

4.1 To facilitate the procurement of the PPM Programme, Members of the Procurement Committee are requested to agree:

The procurement of a 5 Year Partnering Term Contract/s with the provision of a one year extension to carry out External Decorations & Repairs to the Council's housing stock.

4.2 The scheme is to be funded from the Housing Capital Programme.

#### **5. Reason for recommendation(s)**

5.1 The intention is to enter into a long term contract/s in the current 'depressed' climate are likely to obtain a competitive price. The Procurement of a 5 year programme (with the option of a one year extension subject to satisfactory value for money checks) would provide continuity of service and cost certainty over the contract period with regard to profit and overheads and schedule of rates if these are used.

5.2 The objective of the PPM programme is to deliver a cyclical planned maintenance programme to the Council owned dwellings that have not been externally decorated for over 5 years. It would allow a full 5 year cycle of external decorations and prevent deterioration of the external components of the dwellings. The contractor will become familiar to residents and it will be easier to maintain quality as defective works would be rectified by the term contractor at their own cost. It would therefore be in the interest of the contractor to ensure that the quality of the work is maintained throughout the contract period.

5.3 The proposal is to appoint between one and four term contractors. The strategy for this will be agreed with the Corporate Procurement Group and Legal Sections.

5.4 The partnering term contract would be procured under an OJEU notice and follow a formal process to select contractors for the term. A summary of the main tasks incorporated into the process are:- Consultation with leaseholders, preparation of EU Advertisement, pre-qualification questionnaires (PQQ), analysis of contractor applications, evaluation panel, contractor interviews, contractor shortlists, agreement of Key Performance Indicators (KPIs), tendering exercise, evaluation of tenderers and approval.

## **6. Other options considered**

- 6.1 Corporate Procurement Group and Legal were consulted on a proposal to utilise the Major Works Framework for the PPM Programme, however it was felt that the scope of works was not clearly specified within the tender documents and therefore could be open to possible challenge.
- 6.2 Another option considered was the establishment of a framework for the PPM programme works where a number of contractors are appointed to carry out the work and are appointed by a call off process or mini competition for each work package.. This arrangement would not allow one contractor to work in a given area, a mini procurement exercise has to be carried out for each package of work, there is no cost certainty over the duration of the framework and there is no guarantee of work for the contractor.

## **7. Summary**

- 7.1 This report seeks to obtain Members approval to enter into a long term contract/s (5 years with the option of a one year extension) for the delivery of the PPM programme.

### **7.2 Background**

- 7.2.1 The Audit Commission inspection report for Homes for Haringey highlighted the importance and need for a cyclical decorations programme to discharge the landlord's obligations. The implementation of the PPM programme is necessary for Homes for Haringey to deliver routine external decorations and associated repairs to the external and internal communal areas of the Council's housing stock

### **7.3 Detailed below is a summary of contractor details:**

Total estimated construction cost (excluding fees)	Approximately £25m
Anticipated Contract start on site	April 2011
Anticipated Contract completion	March 2016
Contract duration	5 years
Contractor/s	to be confirmed

### **7.4 Property address location**

- 7.4.1 The PPM programme includes all the properties within the Councils housing stock which is circa 20,608.

### **7.5 Schedule of works**

- 7.5.1 The scope of improvements works will include external repairs and decorations to the building envelope and repairs and decorations to the internal communal parts of the dwellings.

### **7.6 Planning Approval**

- 7.6.1 The works do not require the involvement of the Planning Department

## **7.7 Life Cycle Costing Analysis**

7.7.1 The PPM works are cyclical maintenance works and life cycle costing analysis is not applicable.

## **7.8 Environmental Improvements**

7.8.1 The works will improve the general external environment around the properties that are decorated.

## **7.9 Sustainability**

7.9.1 The procurement of materials and components to be used during the PPM programme will involve the selection of products that have a positive impact on the environment. The painting of the exterior of the dwellings will increase the life of the components as well as reduce future maintenance costs.

7.9.2 The scheme will be carefully designed where possible to allow for minimising waste during the work.

## **7.10 Conservation Areas**

7.10.1 In administering the PPM programmes due regard will be shown for areas that are subject to specific consents relating to conservation.

## **8. Chief Financial Officer Comments**

8.1 The 2010-11 budget for this work within the Housing Capital Programme is £3,000,000. It is expected that the budget would be of a similar size in years to come. Thus the total budget available for the 5 year life of this contract would be around £15,000,000.

8.2 If spend on preventative maintenance is thought likely to exceed this amount over the life of the contract then a revised budget would need to be agreed in later years.

## **9. Head of Legal Services Comments.**

9.1 The Head of Legal Services notes the contents of the report.

9.2 The proposed procurement must be conducted in accordance with EU procurement regulations (The Public Contracts Regulations 2006) and Contract Standing Orders.

9.3 The Head of Legal Services confirms that there are no legal reasons preventing Members from approving the recommendations in this report.

## **10. Head of Procurement Comments.**

- 10.1. The establishment of this contract will enable value for money to be considered across the five year cycle of redecorations of the housing stock.
- 10.2 This work due to the five cycle is considered to be separate to the recent awarded Major Works Building Contractors framework agreement. However any works which fall outside of these should be tendered through the Major Works Building Contractors Framework.
- 10.3 Homes for Haringey are expected to work closely with the Corporate Procurement Unit including the Construction Procurement Group with regard to the EU process, checking of tender documentation etc.
- 10.4 The Head of Procurement therefore acknowledges the recommendations in this report for a separate planned preventative maintenance and decorations Partnering Term Contract as value for money in the current economic climate.

## **11. Equalities and Community Cohesion Comments**

- 11.1 Homes for Haringey's Asset Management Strategy, 2007/2017, covers all investment in the Councils housing stock. In drawing up the Strategy, an Equalities Impact Assessment was undertaken. The findings have been incorporated into Homes for Haringey's planning processes for the delivery of the PPM Programme. This includes ensuring that all residents receive the same standard of work, and consideration of specific language and other needs are identified and addressed when drawing up programmes of work.

## **12. Consultation**

### **Internal**

- 12.1 Homes for Haringey have consulted with council officers in the preparation of the proposed programme and further consultation will be carried out with The Leader of the Council and the Cabinet Member for Housing. Ward member comments will also be considered.

### **External**

- 12.4 Homes for Haringey will carry out detailed consultation with residents and leaseholders affected by the works set out in this report.

### **12.5 Leasehold Implications**

- 12.6 It is the intention of the Project Team to carry out full consultation with leaseholders throughout the procurement of the PPM Term Contract.

### 13. Service Financial Comments

In previous years budget provision has been made available within the Housing Capital Programme for this type of work. The PPM budget provision for 2010/2011 is £3m.

### 14. Use of appendices /Tables and photographs

14.1 n/a

### 15. Local Government (Access to Information) Act 1985

15.1 There are no current background papers relating to this project.

15.2 This report contains exempt and non exempt information. Exempt information is contained in Appendix A of this report and is **NOT FOR PUBLICATION**. The exempt information is under the following category ( identified in the amended Schedule 12A of the Local Government Act 1972): Information relating to the financial or business affairs of any particular person (including the authority holding that information).