

Agenda Item No: 12

Report to: Cabinet

Date of Meeting: 7 July 2014

Report Title: Minor Works Contracts

Report By: Virginia Gilbert
Head of Resort Services & Amenities

Purpose of Report

To explain the arrangements for renewing the Council's Minor Works Maintenance Contract, seeking approval for tendering and delegated authority to award a contract.

Recommendation(s)

- 1. That Cabinet agrees to the procurement process for the renewal of the Council's Minor Works Maintenance Contract. The contract will begin on 1st April 2015 and run for 5 years with the option of two years extension in annual increments.**
- 2. That Cabinet delegates authority to the Director of Environmental Services or his nominee, in consultation with the Lead Member, to award the contract to the most economically advantageous tenderer.**
- 3. That Cabinet supports the officers' view that the contract should be awarded to a single multi-trade contractor.**
- 4. That Cabinet supports further investigation of an in-house or shared capacity for minor maintenance works where that can be shown to be cost-effective.**

Reasons for Recommendations

The existing contract expires on 31 March 2015. The new contract from 1st April 2015 will be a call-off arrangement with no fixed financial commitment under a Measured Term Contract to be awarded to a single Contractor. We are investigating opportunities to remove minor maintenance and cyclical inspection work from the contract where there is a more cost-effective approach utilising Council staff, automated monitoring or shared arrangements with other agencies. This has already been implemented for some electrical testing, legionella monitoring and some minor maintenance. Further possibilities will be assessed in parallel with the contract procurement.

Background

1. The Council's existing Minor Works Maintenance Contract with local building firm, Booker and Best Ltd, expires as at 31.3.15. There is no extension provision and therefore the Council needs to commence a procurement process to have new arrangements in place to take effect from 1.4.15.
2. The nature of the work is primarily responsive and variable in terms of the types of building and building services trades involved. There is also a small amount of planned minor repair and renewal works below the value of £15,000; anything above this value will be dealt with as a separate contract on an HBC standard terms purchase order or other contract. The scope of minor works covers all the Council's current property portfolio.
3. The contractor also provides an out of hours callout service and is expected to hold stores of equipment and supplies for dealing with emergencies (fencing, sandbags, etc.).
4. Officers have sought the guidance of the East Sussex Procurement Hub in the compilation of this report.

Procurement Process

5. The current value (which does fluctuate per year depending on demand) is approximately £500,000 per year and does not exceed the EU threshold of £4,348,350 for construction works. This means that the new contract does not have to be advertised to comply with EU procurement rules although we generally follow EU good practice.
6. The contract type is a Measured Term Contract, designed for use by employers who have a regular flow of maintenance, minor works and improvements projects that they would like to be carried out by a single contractor over a specified period of time. The contract is priced through a schedule of rates for various jobs with catch-all provision for the use of day rates when jobs fall outside the schedule. The total expenditure under the contract is determined by the employer. The Authority is not committed to spending any specific amount of money with a contractor although the successful contractor will anticipate a certain level of spend, based upon the history of the contract.
7. This contract is designed to be used with a single multi-trade contractor. We are, in effect, contracting with a general contractor who will assess jobs and organise works through directly employed staff, covering many trades, and occasionally subcontractors for specialist services. This is felt to be the most efficient approach to organising many small to medium sized jobs. For works over the £15,000 threshold, we will either deal directly with a number of contractors, using HBC staff as project managers, or employ a project manager or general contractor for the project.
8. The main milestones in the projected time-table for this procurement exercise are as follows:

a. Cabinet approval:	9.7.14
b. Advertisement for expressions of interest	13.7.14
c. Expressions of interest closing date:	1.9.14
d. Tender closing date:	12.12.14
e. Tender recommendation report:	16.1.15
f. Decision and Alcatel period:	1.2.15
g. Award new contract:	1.3.15
h. Mobilise internal procedures:	8.3.15
i. Use new contractor(s):	1.4.15

Use of In-house or shared staff for Minor Works

9. As the work is primarily responsive in nature and in view of the wide breadth of trades, techniques and materials involved, it would not be economically viable to carry out the majority of this work in-house. It would be difficult to keep skilled trades people occupied during slow periods and, conversely, backlogs would arise with a limited staff at times of peak activity.
10. A significant investment in tools, vehicles, training and maintaining stocks of materials and depot facilities would also be a major factor in assessing the cost-effectiveness of an in-house service.
11. However, there may be further scope for handling minor maintenance or cyclical inspection tasks using Council staff or in a shared service with Rother District Council. This will be investigated in parallel with the procurement process and findings reported back to members.

Contract Term

12. The term is 5 years with an option for 2 years' extension to be agreed in annual increments.

Recommendations

13. That Cabinet agrees to the procurement process for the renewal of the Council's Minor Works Maintenance Contract. The contract will begin on 1st April 2015 and run for 5 years with the option of two years extension in annual increments.
14. That Cabinet delegates authority to the Director of Environmental Services or his nominee, in consultation with the Lead Member, to award the contract to the most economically advantageous tenderer.
15. That Cabinet supports the officers' view that the contract should be awarded to a single multi-trade contractor.

16. That Cabinet supports further investigation of an in-house or shared capacity for minor maintenance works where that can be shown to be cost-effective.

Policy Implications

17. Equalities & Community Cohesiveness - In the selection process of contractors, equality issues will be covered in the business questionnaire. This will include any trainee/apprenticeship schemes being offered by firms.
18. Environmental Issues - In the selection process of, account is taken of each firm's policies on dealing with energy efficiency and sustainable procurement.
19. Economic/Financial Implications – It is anticipated that a public tendering process will produce competitive pricing from potential contractors. Beyond that, however, the annual cost of this contract, which has no fixed financial commitment, is controlled by the Council.
20. Living Wage - The Council will seek assurances from tenderers that their staff is now and will continue to be paid at or above the level of the Living Wage, currently £7.65 per hour. We will support the successful tenderer in obtaining accreditation as a Living Wage Employer if they have not already done so.

Wards Affected

None

Area(s) Affected

Central Hastings, East Hastings, North St. Leonards, South St. Leonards

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Yes
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	Yes
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	No

Background Information

Officer to Contact

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