

BOROUGH OF KETTERING

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Report Originator	John Conway Head of Housing	<i>Fwd Plan Ref No:</i> A15/008	
Wards Affected	Desborough Loatland	9 th September 2015	
Title	AWARD OF CONTRACT - HOMES FOR THE FUTURE PHASE 3		

Portfolio Holder: Councillor Steve Bellamy

1. PURPOSE OF REPORT

In accordance with the Council's Contract Procedure Rules, any contract that is in excess of £250,000 needs to be formally approved by the Council's Executive Committee.

The contract is for the refurbishment of council houses in Alexandra and Harrington Road, Desborough, as part of the Homes for the Future programme (for which budget provision exists in the Council's Capital Programme).

2. INFORMATION

- 2.1. Kettering Borough Council's flagship housing refurbishment project, Homes for the Future, aims to improve older council housing so that it continues to be fit-for-purpose, easy-to-let and require lower maintenance over the long term. For our customers, Homes for the Future will offer warmer, safer and more energy-efficient homes.
- 2.2. Alexandra and Harrington Road, Desborough, contains 21 two and three bedroom semi-detached properties which were originally constructed in the early 1930's. They are amongst the oldest properties in the Council's housing stock. To date, the Council has completed refurbishment to 15 properties within the previous two phases of the project, on Addison and Alexandra Road. This third phase of the programme spans both the current and next financial years (2015-16 and 2016-17). This tender exercise relates to the first ten properties to be delivered as part of the capital programme in 2015-16. It is planned to undertake works to the remaining 11 properties, which are yet to be surveyed, in 2016-17. Subject to satisfactory performance of the recommended contractor for these works, it is proposed to use this contractor for works to the final ten properties using the rates from this tender exercise.

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3. PROCUREMENT PROCESS

3.1. The procurement strategy for this project involved a three stage tender process:

- ◆ Stage 1 Pre-qualification / financial viability Pass/fail
- ◆ Stage 2 Technical exercise and price 40% weighting
- ◆ Stage 3 Formal presentation and interview 60% weighting

3.2. The specification for previous phases of this project was used in conjunction with a National Housing Federation schedule of rates to form a pricing document which could be priced by contractors on a percentage uplift or reduction.

3.3. A total of six contractors were invited to tender for this project, all of which were registered on the Constructionline procurement portal. Four of the contractors had previously completed work for the Council.

4. MULTI STAGE TENDER ANALYSIS

4.1 There were three stages set out in the procurement process for this project:

Stage 1 – Pre-qualification / financial viability

The contractors were asked to submit three years' financial accounts, which were analysed using an external financial appraisal model together with a financial assessment by council officers. Five of the six contractors complied with this request, with one declining. That contractor was therefore omitted from the process as was another contractor who failed to meet the required financial viability standards.

Four contractors were permitted to move to the next stage of the process.

Stage 2 – Technical exercise and price

The contractors submitted priced schedules, as follows:

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Table 1 Summary of Bids			
Contractor	Estimated Tender Value £	Price Difference Compared to Lowest Tender £	Percentage Score (Max 40%)
A	431,982	0	40
B	455,416	23,434	35
C	533,337	101,355	17
D	588,589	156,607	4

The schedules were subject to a mathematical check and all were found to be correct.

Contractor D was discounted at this stage as their average cost per unit was considerably higher than the other submissions. The remaining three contractors, A, B & C, were invited to proceed to the third and final stage of the process on the basis of their submissions in Stages 1 and 2.

Stage 3 – Formal presentation and interview

All three contractors attended the Council offices and made presentations which were assessed by an interview panel against the following criteria:

- ◆ Corporate aims and objectives (10x7points)
- ◆ Resourcing and staffing (15x7points)
- ◆ Process and delivery of service (15x7 points)
- ◆ Health and safety (15x7 points)

Members of the interview panel marked the contractors out of an available total of 385 points, as follows:

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Table 2 Presentation and Interview		
Contractor	Score	Percentage Score (Max 60%)
A	279	43
B	281	44
C	265	41

The final scores for the three contractors who progressed through the full multi stage procurement process were:

Table 3 Evaluation of tender submissions			
	Contractor A	Contractor B	Contractor C
Estimated tender value	£431,982	£455,416	£533,337
Pre-qualification / financial viability	✓	✓	✓
Technical exercise and price (40%)	40	35	17
Formal presentation and interview (60%)	43	44	41
Total (100%)	83	79	58
Ranking	1	2	3

- 4.2. At the conclusion of the three stage procurement process, Contractor A was assessed as being financially viable and having the highest scores overall for price and quality. Accordingly, it is recommended that the Council awards the Homes for the Future contract to Contractor A.

5. POLICY IMPLICATIONS

- 5.1. Around 28% of the 3,745 local authority homes within the borough were built before 1945 and have an average age of 83 years.
- 5.2. It is essential that, over the long term, our older housing stock continues to meet local housing needs, remains easy-to-let, energy efficient and generates an income stream for the Housing Revenue Account. Accordingly, the Homes for

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the Future project will be a key component in the Housing Strategy 2015-2020 as it will help the Council to ensure that older council housing will continue to play a valuable role within the local housing market over the years to come.

6. CONSULTATION AND CUSTOMER IMPACT

- 6.1. The Council has consulted extensively with customers and other key stakeholders on this project. Initially customers were engaged through a series of open days that were held over the summer of 2014 at the pilot properties at 2 and 5 Addison Road. Furthermore, open days were arranged for tenants, other local residents, elected members and Desborough Town Council. During the second phase of the programme, the Council has utilised an empty property in Alexandra Road as a site office, and held weekly surgeries where customers can raise any queries or concerns. Feedback has continued to be overwhelmingly positive as was evidenced at the recent Tenants Forum Housing Tour.
- 6.2. Tenants whose homes are to be refurbished will be moved temporarily into three fully refurbished decant properties whilst work to their home is being completed. They have been consulted fully about the proposed works and will be offered practical assistance and support whilst work is underway in their homes, including skip provision and a removal service.
- 6.3. A member of the Tenants Forum was a member of the panel who interviewed the contractors and assessed their presentations.

7. FINANCIAL RESOURCE IMPLICATIONS

- 7.1. The approved housing capital programme for 2015/16 contains provision of £559,000 for the Homes for the Future project (H463). Table 4 sets out the projected costs and how they can be met.

Table 4 Capital Resources	
	£
Works	431,982
Salaries and related costs	34,000
Tenant decant costs	80,000
Total estimated cost of project	545,982
Capital programme provision 2015/16	559,000
Saving	13,018

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7.2. The anticipated cost can be accommodated within the financial provision for this project in the approved capital programme. Based on the cost of the recommended tender, a small saving of £13,018 is projected for this project.

8. HR IMPLICATIONS

8.1. There are no human resources implications arising from this project, which is being managed within existing staff resources.

9. LEGAL IMPLICATIONS

9.1. Procurement activity has to comply with the law relating to procurement by public authorities and the Council's own contract regulations. It will be necessary to enter into a contract with the successful contractor.

10. RECOMMENDATION

The Executive Committee is asked to:

- a) accept the tender from Contractor A in the sum of £431,982 to undertake Homes for the Future works to ten properties in year 2015/16 Desborough
- b) note the intention to use Contractor A for the final 11 properties in 2016/17, on the basis of the rates contained within the successful tender and subject to satisfactory performance during 2016/17.
- c) delegate authority to the Head of Democratic and Legal Services to conclude and sign the contracts with Contractor A.

Background Papers:

Title of Document: N/A

Date: -

Contact Officer: John Conway

Previous Reports/Minutes:

Ref: N/A

Date: -