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Report of: Laraine Manley, Executive Director of Place

Report to: Cabinet

Date of Decision: 16th December 2020

Subject: Procurement of a Vacant Property Security and Cleaning Contract to support the Housing & Corporate Repairs and Maintenance Service in the Place Portfolio

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="" type="checkbox"/>
- Affects 2 or more Wards	<input checked="" type="checkbox"/>
Which Cabinet Member Portfolio does this relate to? <i>Neighbourhoods and Community Safety</i>	
Which Scrutiny and Policy Development Committee does this relate to? <i>Safer and Stronger Communities Scrutiny and Policy Development Committee</i>	
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
If YES, what EIA reference number has it been given? <i>Email approval Annemarie Johnston 1st September 2020.</i>	
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:- <i>“The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).”</i>	

Purpose of Report:

This purpose of this report is to seek authority to procure the contracts for the supply of Vacant Property Security and Cleaning to support the in house Repairs and Maintenance Services in line with the contents of this report.

Recommendations:

It is recommended that Cabinet:

1. Approves the tendering of the Vacant Property Security and Cleaning and related services via a new Council framework following a tender exercise as outlined in this report. This will ensure that the ongoing support provision for the Vacant Property Security and Cleaning and associated work for the Repairs and Maintenance services to maintain our Corporate, Void and Acquisitions properties continues.
2. Delegates authority to the Executive Director of Place, in consultation with the Director of Finance and Commercial Services and the Director of Legal and Governance to:
 - a. decide the award of the new contracts to the successful suppliers chosen by the Council following the procurement;
 - b. take all other decisions necessary in order to meet the aims, objectives and outcomes of this report which are not already covered by existing delegations in the Leaders Scheme of Delegation.

Background Papers:

N/A

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Chloe Parker
		Legal: Gemma Day
		Equalities: Annemarie Johnston
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	EMT member who approved submission:	<i>Laraine Manley</i>

3	Cabinet Member consulted:	<i>Councillor Paul Wood</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
Lead Officer Name: Mark Freeth		Job Title: <i>Head of Repairs and Maintenance Service</i>
Date: 16 th November 2020		

1. PROPOSAL

This report will detail the proposal to re procure Vacant Property Security and Cleaning and related services on behalf of Sheffield City Council for use in the main by the Housing Repairs and Maintenance Service. The Corporate Repairs and Maintenance Service may also occasionally use Framework we arrange, and their requirements will be captured on the resulting tender and contract award. Given the anticipated value of a new four-year contract arrangement we are required by Law and under our own Contracts Standing Orders to procure this supply chain in a fully compliant manner. Full details of the routes to market that have been considered are detailed below.

1.1 Background

The Council successfully insourced its Housing Repairs and Maintenance (HRM) and Corporate Repairs and Maintenance (CRM) Service's on 1st April 2017.

Prior to the insourcing the Project team established a number of OJEU compliant contracts with a range of both suppliers and contractors prior to 1st April 2017 to cover much of the external spend for the service.

Over the last 4 years a robust supply chain has been in place to provide support to the in house service provision for Security of the Councils vacant properties and related services such as; Property Cleans, Clearance, Security screening, Environmental cleaning / clearing and Garden clearing and hazardous waste, including Sharps. The incumbent was engaged under an LHC Framework following benchmarking against price and quality. The maximum term to engage a supplier under a Framework is four years – the framework commenced on the 1st April 2017 and will terminate on the 31st March 2021 in line with the regulations.

Capable contractors are required from April 2021 to provide this additional

resource and expertise to support the in-house repairs service in delivery of these requirements in particular for Housing repairs as the timely clear and clean of vacant properties forms an essential part of the process of enabling our in house repair operatives to bring these properties back up to a re lettable standard which in turn provides revenue for the Council's HRA account. All other client requirements will be accommodated under the resulting frameworks. The suitable contractors will work in line with the Council's overarching Housing specifications and Health & Safety requirements.

Assessment of suitability will be based on a balance of price and quality with emphasis on the Social Value and Local Economic Impact benefits this Procurement could drive.

Ongoing Contract Management will also be key to ensuring the Council receives a first class service.

Regular attendance at Service Review meetings will be required to discuss work load and measure performance and KPI's will be used to measure the following performance:

- Statutory and Regulatory Compliance
- Health & Safety compliance including the relevant Risk Assessments and required levels of Indemnity Insurance.
- Service Responsiveness
- Invoice Accuracy
- Quality and Workmanship
- Effectiveness of Security
- Continuous Improvement

The Council's housing stock currently includes:

- traditional and non-traditional constructed properties,
- high, medium and low rise properties
- sheltered housing schemes
- other miscellaneous properties
- gypsy and traveller sites
- Incl. all communal areas associated with the above

1.2 This service will ensure, as far as is reasonably practical, that in

relation to the Council's Repairs and Maintenance Services:

- The optimum balance between service, cost and quality ensuring value for money
- Continuity of excellent customer services

The core elements of the service shall consist of:

- Securing of Empty Properties
- Cleaning and Clearing of Empty Property including certified waste disposal.
- Other Property Services such as deep cleans, needle sweeps etc. to ensure the safety of all concerned.

1.3 **Contract values**

The estimated Council wide contract value is currently £555K per annum across all elements of the supply requirements and all client user departments – the largest spend being that of the Housing R & M team at circa £480K per annum.

The forecast spend, based on letting a four year Framework, for this type of contract is circa £2.22M and therefore requires the appropriate Cabinet approval to approach the market and re procure.

With spend over £150K under the Councils Standing Orders a full tender is required, for spend in excess of £190K we are legally bound to tender under the Public Contracts Regulations (PCR) 2015. As our forecast 4 year spend is in excess of these levels we are required by law to compete this opportunity. The exceptions to this would be either a Direct Award or further competition under a fully PCR compliant Framework where the legal requirements of PCR have already been satisfied.

1.4 **Proposal**

The Procurement Strategy has explored our best value options via a full open Sheffield City Council tender route or direct award or mini competition under an existing OJEU compliant framework. We have identified a number of OJEU compliant frameworks – Procurement for Housing (PfH), Procurement Hub and LHC which have all been developed with the Social Landlord and the ongoing maintenance provision in mind.

All the Framework providers are not for profit procurement consortium established to serve the construction procurement needs of the social housing landlord community, understanding the needs of the maintenance clients.

All the identified Frameworks are compliant the Procurement Regulations and Directives (OJEU). This means as potential Clients we would not have to openly advertise the opportunity or follow the full procedural rules. Some Frameworks are not however always a seamless fit with our requirements.

Having reviewed the options the recommendation is to conduct a fully compliant Sheffield City Council tender over two LOTS – Clear and Clean on one lot and Property Security Services on another. Separating the services will allow us to attract bids from both service specialists and local suppliers and will create an opportunity which will allow flexibility with bidders having the option to bid for one or both of the lots.

2. HOW DOES THIS DECISION CONTRIBUTE?

2.1 The Corporate Plan sets the Council's direction, priorities and common goals. This proposal specifically supports the priorities around:

- An in touch organization
- Strong Economy
- Thriving neighbourhoods and communities
- Better health and wellbeing
- Tackling inequalities

2.2 This procurement will enable the Council to engage with the market to ensure that the standards and products for HRM demonstrate best value and are also compliant with Legal and Corporate requirements for the Council, and the industry.

2.3 The procurement opportunity may enable suppliers both local and national to trade with the Council and will contribute to keeping the local economy strong. Local Economic Impact will be assessed as part of the total Social Value offering in line with the Councils award winning Ethical Procurement Policy.

2.4 By providing the best value and quality service for the benefit of our Council tenants we are contributing to both thriving neighbourhoods and communities and better health and wellbeing as properties are improved and maintained to the decent homes standards.

2.5 The HRM provision is available to all tenants and all tenants are treated equally in respect of access to services including maintenance and improvement works across the social housing asset.

3. HAS THERE BEEN ANY CONSULTATION?

3.1 No external consultation is required or has taken place as the proposed procurement is for the provision of works to support the internal HRM

service provision.

- 3.2 This report has been jointly developed in consultation with relevant stakeholders in the HRM, Housing Service, Legal Services and Financial & Commercial Services.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 Overall there are no significant differential, positive or negative, equalities impacts as this decision is for a continuation of an ongoing supply arrangement and not a new provision.

By bringing properties up to a re-lettable standard in a quick and timely manner, this then has a positive impact for the new tenants, particularly the more vulnerable ones.

4.2 Financial and Commercial Implications

- 4.2.1 The Housing Repairs Service is a general funded service which provides services for the Housing Revenue Account (HRA), and as such any changes in spend levels would be borne by the HRA.

- 4.2.2 As set out in paragraph 1.2, a revised framework is estimated to be:

- in the region of £555K per annum for all Vacant Property associated services.

- 4.2.3 The proposed new Frameworks will be for 4 years (2 years with an option to extend for a further 2 years).

- 4.2.4 The Council has a duty to ensure that all of its procurement is based on value for money principles, achieving the optimum mix of quality and effectiveness for the least outlay. In addition to this duty and the overarching EU Treaty Principles relating to transparency and equality of treatment, the value of the services in scope is above the OJEU threshold and so requires a number of specific procedural steps to be followed.

- 4.2.5 In undertaking an OJEU compliant tender process the Council will ensure compliance with the necessary legal and regulatory provisions relating to procurement, whilst encouraging innovation and competition from the market and allowing the Council to choose the optimum solution for our specified products based on a balance of quality and price.

- 4.2.6 The contracts will not provide any guarantees in relation to volumes or a value committed to supplies over the course of the arrangement, and so provides flexibility for the Council to carry out ongoing reviews of its needs and amend its requirements as required. In light of the ambition to

undertake more self-delivery the R & M service will have the ability to tailor this arrangement as the service shape changes in the future.

4.2.7 Sheffield City Council is committed to ensuring a high standard of ethical practice across our supply chain.

4.2.8 The Council expects all internal staff, partners and suppliers to work to these augmented standards which assure we will:

- Trade with those who comply with an Ethical Code of Conduct
- Exclude suppliers committing acts of Grave Misconduct
- Improve Social Outcomes for the citizens of Sheffield
- Increase the power of procurement and its local economic impact.

4.3 Legal Implications

4.3.1 The Localism Act 2011 provides local authorities with a “general power of competence” which enables them to do anything that an individual can do as long as the proposed action is not specifically prohibited. A purpose of the Act is to enable local authorities to work in innovative ways to develop services that meet local need.

4.3.2 When the Council delivers services it is subject to the ‘best value duty’. This requires the Council to ‘make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

4.3.3 The proposed procurement outlined in this report has a value in excess of the threshold for contracts for services in accordance with the Public Contracts Regulations 2015, therefore the procurement and contract award processes to be followed will be subject to those Public Contracts Regulations.

4.3.4 The procurement process and any contract awards must also be undertaken in accordance with all relevant provisions of the Council’s Constitution including its Contracts Standing Orders.

4.3.5 Successful suppliers chosen by the Council following a compliant procurement process will be required to enter into formal written legal contracts with the Council.

4.4 Other Implications

4.4.1 No further implications as a result of this procurement.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 Alternative Option 1 – Do not Procure.

If the Council did not carry out this procurement then the Repairs and Maintenance Service would not be able to maintain the Council's Housing Stock in as timely a manner, many properties would remain empty until the decent homes upgrade could be carried out, this impacts on the Council's ability to take rental income from these properties.

The Housing R & M service are however committed to more self-delivery with less reliance on third party contractors and service providers – this is a future aspiration and will take time to realise, in the interim the support will continue to be required.

We are bound by the Public Contracts Regulations and Council Governance to conduct a procurement where the level of financial spend indicates this, alternatives around the route to market will be options appraised, considered and benchmarked and fully documented in the Procurement Strategy.

5.2 Alternative Option 2 – Extend the contract with the current supplier.

The current contract will expire on the 31st March 2021 and there are no further extensions possible under the framework agreement.

5.3 Alternative Option 3 – procure via a fully compliant Framework

As stated there are a number of fully compliant frameworks offering all the services we require – these are dominated by three companies one of which is our incumbent - Orbis.

ORBIS PROPERTY SERVICES – Wakefield, Manchester & Birmingham
SPECIALIST PROPERTY SERVICES – Leicester
VACANT PROPERTY SERVICES – Rotherham based service centre.

Whilst these are tried and tested suppliers and much of the due diligence around their appointment has been previously managed none are local and we feel there is a local market to tap into – there are a number of suppliers in the Sheffield area who could offer these services and by using a framework these potential suppliers would be excluded.

We require a reactive and responsive service on both the clear and clean services and the vacant property security services. In addition, we have extensive Health & Safety requirements and adherence to these needs to be evidenced via the tender, subsequent contract documentation and ongoing contract management.

Whilst the national Framework requirements can be tailored to meet our

needs the Framework market is covered by three suppliers only and the market has many more which we would exclude via this route.

In addition to this narrow Framework market a number of other considerations have driven the decision namely the overarching lack of local competition, the work required making the Framework representative of our needs and broader H & S compliance requirements are directing us to letting a fully compliant framework in our own right. This may lead to a more diverse and local supply chain, which will provide some additional Social Value benefits, and a potentially a more flexible approach to service delivery.

The use of a Sheffield City Council Framework will offer the greatest flexibility for service delivery where peaks and troughs can be managed and third party support can be tailored to supplement the in house capability and flex with this as services move to more self delivery over time.

6. REASONS FOR RECOMMENDATIONS

6.1 The procurement will enable the Council to:

- Have a compliant and flexible mechanism in place to meet the service requirements, whilst allowing for a thorough review in the medium term to identify any further savings/efficiencies as part of the ongoing Repairs & Maintenance TOM (target operating model) project. In addition other Council clients will have access to a compliant Framework without the need to source their own requirements with the added efficiencies this will drive.
- Harness any immediate savings and economies of scale that can be realised by re-engaging the market, any savings realised that can be cashable in nature will contribute to the services' savings target.
- Realise the Councils Social Value ambitions by driving further value added impact through this supply chain.