



Author/Lead Officer of Report:
NAME Liam Roode
POSITION Service Manager Commercial
Tel: 07920363582

Report of: Executive Director Place
Report to: Leader
Date of Decision: May 2021
Subject: SCC Repairs and Maintenance x3 Gas Servicing, Installations and Repairs Measured Term Contracts.

| | | |
|--|---|--|
| 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? Neighbourhoods and Community Safety Finance Resources and Governance | | |
| Which Scrutiny and Policy Development Committee does this relate to? Safer and Stronger Communities Scrutiny and Policy Development Committee Overview and Scrutiny Management Committee | | |
| 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? | 930 | |
| 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:- | | |

Purpose of Report:

The purpose of the report is to seek authority for the Council to procure x3 Gas Servicing and Works Measured Term Contracts to support the Council's Transport & Facilities Management department undertake servicing, repairs, and boiler / full system installations across the estate.

Recommendations:

It is recommended that the Leader:

- 1) Approves a Gas Servicing & Works budget of £4,262,130.00
 Funded from the Housing Revenue Account.
- 2) Approves the Capital Delivery Service tendering the Gas Servicing and Repairs, Gas Boiler and Full System Installation contracts by competitive tender through Efficiency North's Dynamic Purchasing System as outlined in this report.
- 3) 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 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:

| 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: Steven Scott |
| | | 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: | Mick Crofts |
| 3 | Cabinet Member consulted: | Councillor Paul Wood & Councillor Terry Fox |
| 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. | |

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|---|---|
| Lead Officer Name: Liam Roode | Job Title: Service Manager – Commercial |
| Date: 13/04/2021 | |

1. PROPOSAL

This report details the proposal to procure 3 Term Contracts for management and use by Transport & Facilities Management (T&FM). Scope of works will cover Gas Servicing and Repairs (Contract 1), Gas Boiler Installations (Contract 2) and Full System Installations (Contract 3) across the Council estate.

Given the anticipated value of proposed contract arrangements the Council is required by Law and under its 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 within the report below.

1.1

Background

The Council successfully insourced its Repairs and Maintenance Service from Kier on 1st April 2017. This means the Council assumed direct repairs accountability to both its corporate and housing estates.

To meet this responsibility T&FM had to engage a flexible and sustainable supply chain to support the in-house management of roof servicing and repairs, thereby keeping building users safe and future proofing the estate.

To do this, the Council engaged the market to procure the following.

X 1 term contracts awarded to Denton and Nickels

This contract was a Housing contract without the scope / facility for working across property types (e.g. corporate buildings).

The incumbent Contractor was successful in delivering against the scope and to the terms, of the executed contracts

Procurement of x3 term contracts to replace the existing contract has been delayed due to a combination of factors, namely lack of commercial resource within the T&FM and the COVID-19 pandemic. Considering this it was recommended by the service client and agreed by the Executive Director of Place to issue short term, limited value contract extensions until 31st July 2021, whereby the new replacement contracts are expected to be procured, evaluated, and awarded.

1.2 Current Position

The current position within T&FM is as follows. Although the service is looking to deliver as much work as possible through directly employed resource (all gas servicing and installation on the Corporate estate is undertaken by the Council's own in-house workforce), both internal and external factors prevent this from happening.

A shortage of immediately available skilled local labour, an ageing workforce, and more economically advantageous options from private sector bodies, make it difficult to maintain the adequate level of skilled direct labour within Council services. The service is continually striving to push direct employment, and this is shown through the employment of 50 new apprentices this year to support the next generation of skilled Sheffield labour.

The above dictates the Council must engage a local supply chain to meet the demands of managing the day-to-day, emergency, and planned repairs and maintenance works across the totality of Council properties.

A compulsory function of the in-house Repairs & Maintenance Service is the undertaking of gas servicing to both domestic and corporate properties. It is critical that the Council – as owner of a significant number of properties can conduct regular servicing and repair works to ensure gas appliances and systems are performing to the standard required. Without regular checks and maintenance, building users could be at risk of leaking carbon monoxide.

It follows suit that where a gas servicing indicates a system or boiler is beyond repair then it essential the Council has the requisite supply chain to complete the deinstallation and installation works.

The proposed contracts are predominantly aimed at servicing the requirements of the Housing estate, however the flexibility for use across the Corporate estate will be integrated.

Detailed Anticipated spend below.

| Workstream | Total Spend |
|-----------------|----------------------|
| Gas Servicing | £1,155,000.00 |
| Gas Repairs | £45,150.00 |
| Full Installs | £1,776,060.00 |
| Boiler Installs | £1,285,920.00 |
| Total | £4,262,130.00 |

To reflect both the scope and nature of works required, Officers propose to use the National Housing Federation (NHF) model form of contract with Council amendments as the basis for the new commercial agreements. This will also be accompanied by the NHF schedule of rates, that offer clear specifications linked directly to the form of contract. As part of the Council subscription with NHF, all specifications will be periodically updated in line with changing legislation or standards.

NHF is specifically designed for refurbishment and maintenance (rather than a wide range of activities as per the JCT or NEC model forms). This means key contractual clause and conditions such as audit, access, specialist works and pricing methodologies do not need adding in or varying, making for a robust contractual underpinning.

Contract Values

1.3

The forecasted spend is £4,262,130.00 over a six-year term. This is proposed to be let via 3 contracts, detailed below.

The new contracts need to build in flexibility due to the varying demands of managing such an extensive and varied estate. The best way to achieve this is by targeting high-quality SME Contractors to deliver the roofing works.

i. Gas Servicing & Repairs: x1 term contract to be tendered. The contract will provide for a planned program of boiler servicing / repairs after service and responsive repairs. The value of the work over the 6-year period is £1,200,150. The contract will be awarded based on the highest score for each contract.

ii. Boiler Installations: x1 term contract will be tendered. The contract will provide for the installation of replacement boilers and has a value of £1,285,920. The contract will be awarded based on the highest score for each contract.

iii. Full System Installations: x1 term contract will be tendered. The contract will provide for the installation of full heating systems including boilers and all ancillary parts of the heating system. The contract will be awarded based on the highest score for each contract.

Structuring the opportunity in such a manner enables the Council to secure potential economies of scale whilst ensuring local SMEs are not excluded.

Procurement

1.4

The Efficiency North (EN) Dynamic Purchasing System (DPS) offers a Find a Tender Service (FTS) compliant route with the legal requirements of the Public Contracts Regulations (PCR) 2015 satisfied. This gives the Council the benefit of immediate access to a set of pre-qualified Contractors.

As well as speed to market, utilising a DPS offers key additional benefits;

i. Local SMEs can join the DPS at any point (unlike a framework that is fixed once let) and is uncomplicated to do so. Council Officers are collaborating with EN to on-board multiple local contractors onto the DPS. This means Sheffield SMEs will have the best opportunity to enter competitive bids and be successful. The principles of the proposed procurement route are ensuring access and supporting Sheffield's local economy.

ii. As well as creating the environment to best support the local economy, the proposed procurement approach also looks to maximise the Social Value Offer by mandating the number of contract-initiated apprenticeships *and* ensuring the Council's Lifelong Learning & Skills team have the platform to negotiate additional voluntary employment and skills outputs.

Alternatives to the preferred EN DPS route would be to compete the requirements as follows.

i. Compete via OJEU compliant public sector Gas Servicing, Repairs & Installations Frameworks

ii. Open or restricted competitive tender openly advertised on YORtender and FTS.

Whilst the above approaches offer benefits such as maximising potential market interest (open advert) and streamlining the procurement programme (framework) both approaches do not support the key principle of maximising the likelihood of success for Sheffield SMEs.

The contracts will support a predominately in-house delivery model to providing repairs and maintenance.

2. HOW DOES THIS DECISION CONTRIBUTE?

2.1 Strong economy – the contracts will help create jobs for Small Local Medium Enterprises. Local Economic Impact will be assessed as part of the total Social Value offering in line with the Councils award winning Ethical Procurement Policy.

2.2 Better health and wellbeing

High quality and timely servicing, repairs and improvements works to Council properties contributes positively towards the health and wellbeing of building users. Poor housing conditions are associated with a wide range of health conditions, including respiratory infections, asthma, lead poisoning, injuries, and mental health.

2.3 Thriving neighbourhoods and communities

In delivering good value and quality workmanship, these contracts will contribute towards thriving neighbourhoods and communities as properties are improved and maintained to the Decent Homes Standard.

2.4 Tackling inequalities

The Council's Repairs and Maintenance Service is available to all tenants.

3. HAS THERE BEEN ANY CONSULTATION?

3.1 No external consultation is required / has taken place as the proposed procurement is for the provision of gas servicing, repairs, and installations to support the internal Repairs and Maintenance service.

Previous external consultation has taken place with tenants' representatives (TARA's) to determine best value products under the Decent Homes Programme which these contracts will ultimately support.

3.2 This report has been jointly developed in consultation with relevant stakeholders in the Repairs and Maintenance Service Housing, 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, equality impacts from this proposal. It will also ensure that we keep council homes and corporate property safe and to the required level of decency. There should be a low positive impact on employment of Sheffield people.

4.2 Financial and Commercial Implications

4.2.1 There is a requirement for the Council to authorise a budget of £4,262,130 from the HRA.

The proposed contract durations will be for 6 years. At 24 months the contracts will allow for SCC to terminate with 6 months' notice. The contractor will have termination rights and will be required give 12 months' notice to terminate.

Due to the contracts being Measured Term they will contain zero volume guarantees meaning the Council assumes no risk should volumes of work deviate from the estimated quantities tendered.

This forms a standard Council approach to procurement, will be well articulated within all tender documentation and ensures flexibility to the Council to undertake ongoing reviews and amendments to its requirements as and when required.

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

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 if 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 The Council as a landlord have a duty to carry out works, repairs and maintenance for which they are liable under the Landlord and Tenant Act 1985 as well as duties under the Gas Safety (Installation and Use) Regulations 1998 which for example relates to maintenance, annual gas

safety checks and obtaining a gas safety certificate.

- 4.3.3 With regards to any corporate properties the Council has a duty to their employees, in accordance with the Health and Safety at Work etc. Act 1974, to ensure their health, safety and welfare at work, which includes carrying out maintenance to their working environment.
- 4.3.4 Carrying out this procurement and entering into contracts with successful contractors will support the Council with satisfying these duties.
- 4.3.5 In accordance with Section 20 of the Landlord and Tenant Act 1985, the Council have a requirement to consult which the Council are satisfying by writing to tenants and leaseholders.

Use of the Efficiency North Dynamic Purchasing System will ensure the Council complies with the Public Contracts Regulations 2015.

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

The successful contractors will be required to enter a formal legal contract with the Council following the compliant procurement process.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 Do nothing – this is not an option because the Council has the ongoing requirement to ensure its properties remain safe for its users.

At present the in-house Repairs and Maintenance Service does not have capacity to meet the existing demand. As detailed in the background of this document.

- 5.2 Further extend existing contracts – this is not an option because the existing gas servicing and works contract let in 2016 have already received contract extensions. As ever, Council must adhere to the Public Contract Regulations (2015) thus further variations (value and duration) are not deemed easily reconcilable with the provisions set out within PCR.

- 5.3 Council procures via an open tender procedure / framework mini-competition – as the estimated individual contract values exceed £500,000, the Council has the option to compete the opportunities either:
- by openly advertising on YORtender / FTS
 - by competing through construction procurement frameworks.

This alternative is not preferred because of the Council priority to support the local economy by developing commercial relationships with local businesses where possible. Dynamic Purchasing Systems are open market solutions that improved accessibility for small to medium enterprises (SMEs).

6. REASONS FOR RECOMMENDATIONS

- 6.1 Preferred option – to compete x3 long term (6 year) measured term contracts

via the Efficiency North DPS to best promote the opportunity to Sheffield and Sheffield City Region small medium enterprises.