



**Author/Lead Officer of Report:**  
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**POSITION** Service Manager Commercial  
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**Report of:** Executive Director Place  
**Report to:** Leader  
**Date of Decision:** May 2021  
**Subject:** SCC Repairs and Maintenance General Build 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?	922			
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 up to 5 General Build Measured Term Contracts to support the Councils Transport & Facilities Management department including housing repairs, corporate and facilities management.

**Recommendations:**

It is recommended that the Leader of the Council:

- 1) Approves a capital project budget of £18,438,050.  
  
Funded as £14,592,650.00 from the Housing Revenue Account & £3,845,400.00 from the General Fund.
- 2) Approves the Capital Delivery Service tendering up to 5 General Build Measured Term 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:**

<b>Lead Officer to complete:-</b>	
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	<b>EMT member who approved submission:</b> Mick Crofts
3	<b>Cabinet Member consulted:</b> 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.

<b>Lead Officer Name:</b>  Liam Roode	<b>Job Title: Service Manager – Commercial</b>
<b>Date:</b> 13/04/21	

## 1. PROPOSAL

This report details the proposal to procure up to 5 General Build Measured Term Contracts for management and use by Transport & Facilities Management (T&FM) – including housing repairs, corporate repairs, and facilities management.

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 repairs accountability for both corporate and housing stock.

To meet this responsibility T&FM had to engage a flexible and sustainable supply chain to help support the in-house delivery of multiple types of repairs and enhancements to properties, thereby ensuring compliance with numerous areas of legislation, keeping building users safe and future proofing the estate.

To do this, internal corporate functions such as the Capital Delivery Service and Commercial Services were engaged to procure the following contracts.

Five number measured term contracts were awarded to Burngreave Building, Parsons Contraction, YGI Ltd, BMW Construction and Dolphin (Sheffield) Ltd. These contracts were let through to 31/03/2021 and were successful in their achievements against the deliverables.

Procurement of future contracts to replace this suite, has been delayed in part due to a combination of factors, namely lack of commercial resource within the T&FM service to deliver alongside CDS, but also the COVID-19 pandemic. Considering these issues, it was decided to extend the contracts via waiver until 31/08/21.

This has allowed T&FM to recruit the necessary commercial resource and time the re-procurement in sync with the forecasted end to the global pandemic.

## 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, both internal and external factors prevent this from happening, certainly short term. 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 Repairs & Maintenance Service is continually striving to push direct employment, and this is shown through the employment 50 new apprentices this year to support the next generation, also a targeted recruitment drive of up to 50 new direct blue collar positions to increase the workforce.

The above dictates the necessity to look to 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 critical function to T&FM is the provision of general building work to a mixture of Council owned properties through suite General Build Measured Term Contracts. General Builds supports several core disciplines including Brickwork, Joinery and Carpentry, Plumbing, Gas, Installation of Windows & Doors & Roofing.

The new contracts will also provide the service the flexibility to have Contractor support in ancillary disciplines under one overarching agreement, the following trades are to be included; Cleaning and Clearance, Disabled Adaptations and Minor Works, Drainage, Energy Efficiency Appliances and Components, Fencing and Gates, Foundations, Glazing, Groundworks, Heating, Gas Appliances and Installations, Masonry, Painting and Decorating, Plasterwork and Other Finishes, Scaffolding Access, Specialist Treatments, Wall and Floor Tile and Sheet Finishes.

Detailed Anticipated spend below.

Workstream	Total Spend
Housing Repairs	£8,450,000.00
Corporate Repairs	£3,845,400.00
Voids	£4,340,700.00
Acquisitions (Housing)	£901,950.00
Windows & Doors (Housing Repairs)	£900,000.00
Total	£18,438,050.00

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 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 clauses and conditions such as audit, access, specialist works and pricing methodologies do not need adding in or varying, making for a robust contractual underpinning.

### 1.3 **Contract Values**

The forecasted spend £18,438,050 total over six-year term. This budget is proposed to be let via up to x5 measured term contracts, detailed below.

It also important that T&FM provide flexibility under these contracts. The best way to achieve this will be to have several high-quality SME Contractors under contract to deliver the works. Officers propose that that General Build requirement are split into up to 5 contracts.

The split will be divided 4 ways equally between the aggregate value of four main workstreams, Housing Repairs, Corporate Repairs, Voids and Acquisitions.

A bidder can win up to two of these contracts if they can demonstrate the resource capability to do so. Bidders cannot dictate the workstream, i.e a successful bid must demonstrate the skills, knowledge, and experience to undertake a proportion of corporate repairs and housing voids as required up to the tendered contract limit.

The fifth contract relates to the install of windows and doors, this can be won by a contractor independently as a standalone contract *or* there is also an opportunity for one successful bidder from the aforementioned x 4 Housing Repairs, Corporate Repairs, Voids and Acquisitions contracts to also win the Windows and Doors contract.

For the avoidance of doubt this means that in theory a contractor can win up to 3 contracts, made up as per the following.

x 2 Housing Repairs, Corporate Repairs, Voids and Acquisitions  
x1 Windows and Doors

This gives the Council the opportunity to achieve economies of scale (via aggregation) and prevents alienation of smaller contractors who for example are centred on a windows and doors installation model.

As per the Council Leaders Scheme of Delegation the proposed suite of contracts will require full Cabinet approval for Officers to approach the market and present these commercial opportunities.

Furthermore, as the estimated contract spend exceeds the £500,000 threshold for works, under the Councils Standing Orders an Find a Tender Services (FTS) compliant tender is required. The Council are legally bound to tender under the Public Contracts Regulations (PCR) 2015 to compete the opportunity.

#### 1.4 **Procurement**

The Efficiency North (EN) Dynamic Purchasing System (DPS) offers a Find a Tender Service (FTS) compliant route with the legal requirements of 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 EN DPS route would be to compete the requirements as follows;

i. Competed via OJEU compliant public sector General Build 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 be to support a predominately in-house delivery model within repairs.

## **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 repairs and improvements works will contribute to health and wellbeing of council house residents and corporate staff by ensuring homes and places of work are safe, dry and warm. The General Build contractors will also be involved in undertaking adaptation works making properties more accessible for people with disabilities.

### 2.3 Thriving neighbourhoods and communities

In delivering good value and quality building works, 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 general building works 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 £14,592,650.00 from the HRA & £3,845,400.00 from the General Fund. to cover general build requirements for repair and maintenance works across the Council estate.

The proposed contract durations will be for 6 years. At 24 months the contracts will allow for SCC to terminate at will with 6 months' notice. The contractor will have the same privilege but will have to give 12 months' notice to terminate at will.

Due to the contracts being Measured Term they will contain zero volume guarantees meaning the Council are not at 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.
- 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.
- 4.3.6 Use of the Efficiency North Dynamic Purchasing System will ensure the Council complies with the Public Contracts Regulations 2015.
- 4.3.7 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.
- 4.3.8 The successful contractors will be required to enter into 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 bring void properties and acquisitions to the Decent Homes standard. As 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 general build contracts 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 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.