

Cabinet – 12 September 2012

Disabled Facility and Housing Improvement Works Tenders

Portfolio: Councillor Adrian Andrew, Deputy Leader, Regeneration

Service: Strategic Housing

Wards: Borough Wide

Key decision: Yes

Forward plan: Yes

1. Summary

This report seeks Cabinet endorsement in line with the Council's Contract Rules to undertake a procurement process to seek and to subsequently appoint contractors to undertake building works (excluding lifts and hoists) for Disabled Facility Grants (DFGs), and housing repair and improvement projects.

2. Recommendations

- 2.1 That Cabinet is recommended to approve undertaking a procurement process to seek contractors to undertake building works (excluding lifts and hoists) for Disabled Facility Grants ("DFGs"), and housing repair and improvement projects for a maximum period of 4 years.
- 2.2 That Cabinet delegate authority to the Executive Director of Regeneration in consultation with the Portfolio Holder – Regeneration, to accept tenders and award contracts for the works set out in the recommendation in the above paragraph and to sign or authorise the sealing of any deeds, contracts and other related documents in relation to such works.

3. Report detail

- 3.1 The Council delivers a range of statutory and non-statutory forms of housing assistance for householders including Disabled Facility Grants ("DFGs"), and housing repair and improvement projects. An existing highly successful Framework Arrangement developed in line with Council and European Contract rules for these works is due to come to an end on March 31st 2013. This Framework Agreement has helped lead to reduced timescales for residents waiting for essential adaptations to their homes, lower costs for works and a higher level of quality of works undertaken.
- 3.2 To maximise the potential for economies of scale for the Council and grant recipient it is proposed to seek tenders to appoint contractors to a Framework Agreement for a maximum period of four years. No Framework currently exists

for these works and discussions with counterparts in other Black Country authorities has indicated that they are continuing to procure directly for their area either using their own Framework or seek quotations for works on an individual property / grant basis.

- 3.3 The tenders will be subject to formal procurement in line with the Council's Contract Rules and the Public Contracts Regulations 2006 (as amended) due to their value and will require advertising in the Official Journal of European Union.
- 3.4 To maximise the potential interest from relevant contractors in this field a Prior Information Notice (PIN) will be produced and it is proposed to use an e-auction as part of the process to secure the best costs.
- 3.5 Significant improvements in delivery of DFGs and related works have taken place in 2010/11 and 2011/12 meaning grants are approved faster, average cost of works has reduced and more approvals have been possible. The proposal within this report is expected to assist in further cost reductions for the council.

4. Council priorities

- 4.1 The procurement will enable the robust delivery of housing assistance and adaptations to help residents stay living as independently in their homes as possible and directly supports the Council's Housing Strategy. It's delivery will have a positive impact for citizens of the borough particularly vulnerable households.
- 4.2 The works will directly help with the customer demands of "*Help me stay independent by adapting my home / making my home safer with minimal disruption*". Previous service improvements have already led to:
 - Waiting list reduced by 86% between April 2010 and end April 2012
 - From referral to approval 87% improvement on 2009/10 times
 - From approval to completion 47% improvement on 2009/10 times
 - Overall referral to completion 79% improvement on 2009/10 times
 - Since 2008/09 reduction in average cost of DFG by 35%The works will particularly reduce the risk of slips, trips and falls and hospital admissions that result from these.
- 4.3 The procurement will make direct reference to the delivery of the Black Country Training and Employment strategies maximising the opportunity for social and economic benefits for residents and businesses within the Borough. The contract will incorporate clauses from the West Midlands Procurement framework for jobs and skills to further maximise the benefits achieved through this contract.

5. Risk management

- 5.1 The principal risk relates to the potential that the Council will not be able to secure suitable contractors to undertake the works. This risk is mitigated by the fact that the proposed tenders are the scale that require advertising in the Official Journal of the European Union and as such are anticipated to result in high level

of interest from a wide range of contractors. A prior information notice will be published in advance to alert the market to the forthcoming tender.

5.2 To limit the risk of problems arising with contractors going bankrupt whilst they are in the process of completing a grant assisted scheme the following measures have / will be put into place;

- All tendering companies will have to supply their financial details as part of the detailed tender process. This must clearly indicate their financial soundness (level of turnover). From this the council can assess the maximum value of works that should be placed with an individual company at any one time.
- No payments will be made until works are undertaken and interim payments for example for larger projects will be strictly limited to Stage Payments. No more than 90% of any stage payment will be made the balance to be considered for payment at the Final Account Stage.
- In the event of a contractor going Bankrupt the tender provides the flexibility for alternative contractors to be used to complete the works using the retention sums indicated above.
- Prompt assessment of works and approval of payments by council staff to ensure cash flow for contractors. Payments to be made within 30 days of valid receipt.

6. Financial implications

6.1 Funding from a variety of sources is continually sought for Housing Renewal and the new framework will be flexible enough to enable increased funding in future financial years to be included. Indicative 'potential' levels of funding will be indicated in the Framework Agreement but it will be structured in such a way as to not commit the Council to any level of expenditure at all. The new Framework Agreement will be structured to ensure that no commitments are made of any kind for 2013/14 and beyond until funds have been secured.

6.2 As an example of the 'potential' level of funding for works under the Framework Agreement in 2012/13 funds total £4.943M:

Projects	£M
Aids & Adaptations	2.009
Disabled Facilities Grant	1.351
Preventative Adaptations / Supporting Independence	1.583
	4.943

6.3 The tenders being sought in this report are expected to lead to delivery of more adaptations for less expenditure at key stages;

- a) Securing contractors for the period up to 31st March 2016 will reduce the revenue costs and time involved in repeated tendering on an annual basis and or an individual scheme basis
- b) Economies of scale are expected from the tendering for larger 'blocks' of work. These have already been noted by the service through previous tender processes.

7. Legal implications

- 7.1 The legislation which enables local authorities to offer housing assistance is set out in the Regulatory Reform (Housing Assistance) (England & Wales) Order 2002. It allows councils to adopt a flexible approach to giving financial help reflecting local circumstances, needs and resources.
- 7.2 The legislation for offering Disabled Facilities Grants is set out by the Housing Grants, Construction and Regeneration Act 1996. The Act places a statutory duty on local housing authorities to provide grant aid to people with disabilities (who meet the criteria) for a range of adaptations to their homes.
- 7.3 The procurement process to seek contractors will be undertaken in full compliance with the Council's Contract Rules and the Public Contract Regulations 2006 (as amended).

8. Property implications

- 8.1 As with the existing Framework Agreement which is due to expire in April 2013, the new Framework Agreement will also be available for any works that are proposed (adaptations etc) to council managed and or owned premises.

9. Staffing implications

- 9.1 The tenders will enable staff to deliver a range of assistance for housing renewal in the borough in line with the adopted Renewal Assistance Policy.

10. Equality implications

- 10.1 As part of the tender process companies will be required to complete an agreed equality return in line with West Midlands procurement practices to ensure that they fully support the council's equality policy.
- 10.2 The majority of residents helped by contractors through the existing Framework Agreement are vulnerable and often having contractors working in your home can be concerning for residents particularly elderly and disabled ones. The use of reputable contractors through this procurement process makes a positive contribution to the reduction in fear of crime for these vulnerable householders.

11. Consultation

- 11.1 The procurement will be subject to formal advertising in accordance with Public Contract Regulations 2006 (as amended) - maximising the potential for competition. In addition a Prior Information Notice (PIN) is proposed to be issued to alert prospective contractors to our intention to advertise. The procurement advert will be advertised on the council website to afford maximum opportunity for companies within the Borough to submit a tender for the works.

Background papers

1. Financial and Contract Rules 10 August 2006.
2. Contract Rules September 2010

Author

David Lockwood
Housing Standards and Improvement Manager
☎ 01922 652169
✉ lockwooddavid@walsall.gov.uk



Tim Johnson
Executive Director
Regeneration

12 September 2012



Councillor Adrian Andrew
Deputy Leader
Portfolio holder – Regeneration

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