

CABINET

9 JULY 2008

TERM MAINTENANCE CONTRACTS

REPORT OF HEAD OF LANDLORD SERVICES

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RECENT REFERENCES:

CAB1646 - Housing Revenue Account Business Plan 2008 Update, 26 March 2008

EXECUTIVE SUMMARY:

- 1 The report updates Members on progress in carrying out a market testing and tendering process of two term maintenance contracts: -
 - (i) Contract for the maintenance of gas and solid fuel heating systems and associated equipment, within the Council's property portfolio.
 - (ii) Contract for cleaning services to sheltered and general needs council owned housing stock.
- 2 The report further seeks approval to authorise the Head of Landlord Services to prepare a shortlist of tenderers from Contractors expressing an interest for both term contracts and issue invitations to tender for both contracts to those firms selected. The shortlist will be chosen on the basis of responses to a Pre Qualification Questionnaire (PQQ) compiled by the Head of Landlord Services (in consultation with the Head of Legal Services and Head of Finance).

RECOMMENDATIONS:

- 1 That the basis for the letting of the contracts as outlined in Appendix A & B be approved and the “key dates” in the tender process shown in Appendix C be approved.
- 2 That a Direction be made under Contracts Procedure Rule 2.1 to permit the evaluation of tenders on the basis of 40% price: 60% quality.
- 3 The Head of Landlord Services (in consultation with the Head of Legal Services and the Head of Finance) be authorised to compile a shortlist of tenderers (based on responses to the PQQ) for the two term maintenance contracts, issue invitations to tender to those companies selected, and prepare an evaluation matrix to be used to assess the two tenders.
- 4 In relation to the Term Maintenance Cleaning Contract that the additional works and schemes listed in Appendix E be approved.
- 5 That further reports on the evaluation of both tenders received be submitted to Cabinet on 10 December 2008.

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TERM MAINTENANCE CONTRACTS

REPORT OF HEAD OF LANDLORD SERVICES

DETAIL:

1 Introduction

1.1 Currently the Council has 2 independent service contracts for: -

- (i) Responsive and Cyclical maintenance and defined upgrading of heating systems and associated equipment within approximately 4,200 properties throughout the district. These systems have in the majority of cases since 1996 been maintained by Nationwide Ltd. The contract is due for renewal from April 2009.
- (iii) Cleaning of defined sheltered accommodation and communal areas of general needs housing stock. These properties have, since 2004, been cleaned by Connaught plc. The contract is due for renewal from April 2009.

1.2 The contracts are both "Service Contracts" and above the threshold for the application of European Union (EU) tendering procedures. Therefore the Council is bound by law to follow EU Procurement Procedures in both the procurement, assessment and awarding of both contracts.

The current annual value of the Heating Systems Service Contract is approximately £1.4m and for Cleaning Services £100,000. In relation to Cleaning Services, this estimate could increase by approximately 140% under proposals to include further properties as scheduled in Appendix E of this report.

1.3 To enable the respective tendering processes to take place, all tender documentation including service specifications and schedules are currently being reviewed. These will reflect current service standards as required by statute and approved by the Housing Best Value Review in 2003. The review will also take account of the feedback from interested parties including ward Members, tenants, leaseholders, officers and the contractors carrying out the works over the last five years, as part of the contract partnering development and monitoring regime.

1.4 The existing and proposed service contract operational standards for each contact are shown in Appendices A and B respectively and a procurement timetable for both contracts is shown in Appendix C. A schedule of existing and proposed properties relative to the Cleaning Services contract are shown in Appendix D and E.

- 1.5 The Transfer of Undertakings (Protection of Employment) Regulations 1981 (as amended) and the EC Acquired Rights Directive 77/187 together with such other Legal obligations as relating to the transfer of employees on the transfer of an undertaking will apply to both contracts.

2 TACT COMMENTS (less comments in exempt appendix)

Renewing Contracts/Tendering New Contracts

- 2.1 TACT are concerned when contracts are taken out by the council, for services to be performed on behalf of the tenants, that sometimes there seem to be loopholes for the contractor to make use of.

1. Tenants are not given enough information on what is included, in the service to be provided.
2. The contractor even when aware what should be provided, does not always check on their workforce to make sure this is what is being provided.
3. Hotlines for complaints are not always in operation, leaving frustrated customers.
4. Tenants feel they are not always getting value for money, even though being charged for a service to be provided. Need for charges to be fairly and evenly spread amongst tenants using the services.
5. These are just some of the concerns put to TACT.

- 2.2 **TACT therefore respectfully request** before contracts are signed that all these points are taken on board, so that if problems occur afterwards there is a system on board to deal with them.

- 2.3 **TACT, know that Clive Broomfield and his staff work hard to get the best service for tenants. It seems that it is after contracts are signed the problems occur. Please ensure the contracts cover ways of dealing with poor service, should it occur. Best Value for Money please. Information for tenants what they can expect to be done and lists of jobs to be covered in each scheme, so tenants can check for themselves.**

3 Procurement Officer's Comments

- 3.1 **The Procurement Officer has reviewed this document and agrees with the proposed procurement methodology.**

4 CORPORATE STRATEGY (RELEVANCE TO)

- 4.1 Statutory requirements and deliverance of Best Value in services provided by Winchester City Council.

5 RESOURCE IMPLICATIONS

- 5.1 The cost of these service contracts will be met from within next year's HRA & MRA Repairs Budget (Housing) and General Fund Budget (Non-Housing Property).

6 Background Documents

- 6.1 There are no background documents.

7 APPENDICES

Appendix A Heating Service Contract Operation and Service Standards

Appendix B Cleaning Service Contract Operation and Service Standards

Appendix C Procurement Timetable for both contracts

Appendix D Cleaning Service Contract Schedule - Existing Properties

Appendix E Cleaning Service Contract Schedule - Proposed Properties

Appendix F - Further TACT comments (exempt)

APPENDIX A

Contract for the maintenance of gas and solid fuel heating systems and associated equipment, within the Council's property portfolio.

1.0 Service Contract Operation and Standards

1.1 In brief The Council's Term Mechanical Service Contract specifically ensures the following: -

- (a) An annual inspection (as required by statute) and service of gas appliances/systems including heating appliances (boiler and heaters) radiators, cylinders, storage tanks and all associated pipework from cold water stop cock on rising main to hot water draw off points (not including direct or indirect cold water supplies).
- (b) In cases of breakdown or failure, a 24 hour per day, 365 days per year emergency cover service is provided, with the following response times: -
 - Gas Escapes – within 1 hour
 - Emergency Repairs – within 1 – 3 hours or report
 - Urgent Repairs – same day or within 24 hours of notification
 - Normal Maintenance – within 7 days of report
- (c) A priority override system will be specified where people at risk are without heating both in and out of working hours.
- (d) The same service standards also apply to solid fuel systems.
- (e) Maintaining smoke and carbon monoxide detectors.

1.2 The Term Contract also includes for specific operational, quality and health and safety requirements including the Gas Safety (Installations and Use) Regulations 1998 and Heating Equipment Testing and Approval Scheme Ltd (HETAS) Standards. Further the contract requires the contractor to produce annual reports in relation to the condition and life expectancy of combustion appliances, other associated equipment, the availability of spare parts and potential ways of enhancing energy efficiency.

1.3 The existing contract includes for a quantity of boiler and heating system upgrading works (up to £350,000 p.a.) within the contract. This work will be procured and awarded on a schedule of rates basis, as and when directed throughout the term of the contract.

1.4 It is considered prudent that the proposed contract is for a 5 year term. This contract term reflects the size and complexity of contract balanced against a realistic timeframe within which partnership principles can be developed.

1.5 The cost price base will be linked to the DTI Measured Term Contract indices for Mechanical and Electrical Services Works.

2.0 Customer Opinions and Feedback

2.1 Since 1990 tenants have had the opportunity by means of pre-paid return cards to comment on the performance of the contractor as and when both the annual service and “attend to” calls are made. The process has demonstrated that over the term of the current contract service delivery standards are appropriate and the service performance standards achieved have been good, and have been well received by tenants. To date less than 2% of tenant feedback has been negative, with the majority of these issues relating to relatively minor and routine operational matters.

3.0 Independent Contract Audit of Works

3.1 Over the term of the existing 5 year contract, independent technical “audits” have been carried out to ensure that the requirements of the specification were being carried out on site.

3.2 The audits have substantially demonstrated that in relation to technical, administrative and health & safety requirements, the existing contractors have been fulfilling their contractual obligations.

3.3 Further, the audits have been valuable in ensuring that all administrative procedures are updated in line with new regulations and codes of practice, and identifying areas of site works where further attention to detail are appropriate.

3.4 Both the Council and the existing contractor have welcomed the constructive comments from the independent engineers and it is planned to continue such protocols over the next contract term.

4.0 Tender Procurement Process and Proposals

4.1 To enable a new contract to be let and become operational by April 2009 the procurement timetable detailed in Appendix C has commenced. The procurement programme allows for a two stage tender process enabling relevant technical, financial, operational and quality issues to be assessed at both contractor selection and tender evaluation stages. This will enable the Council to let the Term Contract on the “most economically advantageous” basis.

4.2 As this contract depends on skilled workmanship and a high quality of organisational skills to ensure works are carried out to defined quality and safety standards, the tender evaluation process must be appropriately

structured to ensure the balance between price and quality is reflected in the tender outcome. It is therefore proposed that tender submissions be evaluated on a 40% cost and 60% quality basis.

- 4.3 Owing to the tender timetable (from receiving initial expressions of interest, shortlisting and the dispatch of tender documents), as described in the procurement programme, it will not be possible to gain Cabinet approval towards the proposed tender shortlist of contractors.
- 4.4 Authority is therefore requested for the Corporate Director (Operations) (in consultation with the Corporate Director (Governance) and Head of Finance) to be authorised to compile a shortlist of 5-6 contractors to be invited to tender for the Heating Systems Term Maintenance Contract.
- 4.5 A tender acceptance report is planned for consideration at the Cabinet meeting on 10th December 2008.

APPENDIX B

Contract for the cleaning of defined area of sheltered and general needs housing throughout the district.

1.0 Service Contract Operation and Standards

- 1.1 In brief the Council's Term Maintenance Cleaning contract specifically ensures the following: -
- 1.2 In Sheltered Schemes – cleaning is carried out at defined intervals to communal corridors, external walkways, foyers, stairs, landings, communal lounges, kitchens, laundries, guest rooms, waste bin and storage areas.
- 1.3 In General Needs Schemes – cleaning is carried out at defined intervals to communal waste bins, corridors, external walkways, foyers, stairs and landings.
- 1.4 The Term Contract also includes for specific operational, quality and health & safety requirements. The contract term reflects the size and complexity of contract balanced against a realistic timeframe within which partnership principles can be developed.
- 1.5 The cost price base will be linked to Retail Price Index (RPI) indices.
- 1.6 It is considered prudent that the proposed contract is for a 5 year term
- 1.7 Currently the housing Cleaning Contract includes 30 (1 scheme now declassified) sheltered accommodation schemes and 16 general needs communal accommodation. It is proposed to include further defined works to 21 sheltered schemes and 8 general needs schemes and to add 35 general needs accommodation schemes to the contract with similar and defined cleaning requirements. This will ensure that all housing properties are cleaned to a predetermined, consistent and appropriate service standard. Although subject to consultation with tenants and leaseholders affected by changes to existing cleaning arrangements, the majority of all costs are anticipated to be recovered via service charges.

2.0 Customer Opinion and Feedback

- 2.1 Since 1997, Sheltered Scheme Managers, Housing Officers and Tenants have had the opportunity to comment on the performance of the contractor over the contract term. This process has demonstrated that service standards are appropriate, or have been varied as necessary to reflect desired operational outcomes. The quality of delivery to certain parts of the contract over the latter part of the current term has given rise for concern with Officers and Tenants. There are ongoing communications with the current contractor to correct this situation.

3.0 Tender Procurement Process and Proposals

- 3.1 To enable a new contract to be let and become operational by April 2009 the procurement timetable detailed in Appendix C has commenced. The procurement programme allows for a two stage tender process enabling relevant technical, financial, operational and quality issues to be assessed at both contractor selection and tender revaluation stages. This will enable the Council to let the Term Contract on the “most economically advantageous” basis.
- 3.2 As this contract depends on semi-skilled workmanship and a high quality of organisational skills to ensure works are carried out to defined quality and safety standards, the tender evaluation process must be appropriately structured to ensure the balance between price and quality is reflected in the tender outcome. It is therefore proposed that tender submissions be evaluated on a 40% cost and 60% quality basis.
- 3.3 Owing to the tender timetable (from receiving initial expressions of interest, shortlisting and the dispatch of tender documents), as detailed in the Procurement Programme (Appendix C) it will not be possible to gain Cabinet approval towards the proposed tender shortlist of contractors.
- 3.4 Authority is therefore requested for the Corporate Director (Operations) of Health & Housing (in consultation with the Corporate Director (Governance)) to be authorised to compile a shortlist of 5-6 contractors to be invited to tender for the Cleaning Service Term Maintenance Contract.
- 3.5 A tender acceptance report is planned for the Cabinet meeting on 10th December 2008.

Task	2008												2009			
	Mch	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April		
Forward Plan - Notify Committee Admin of Report			16 May													
Prepare & Circulate Cabinet Report				20 June												
Cabinet Project Report					9 July											
TACT Consultation	27 Mch															
Preparation of Tender Documents				1 June		14 Aug										
Advert inviting Expressions of Interest				25 June												
Serv OJEU Notice				25 June												
Expressions of Interest Send out PQQ's on request (37 days)				26 June	31 July											
Deadline to Receive Completed PPQ's					31 July											
Evaluation of PQQ's						3-17 Aug										
Appraisal of Select List						3-17 Aug										
Tender Period (40 days)						17 Aug	25 Sept									
Deadline to receive Completed Tender Responses							25 Sept									
Tender Evaluation Process							25 Sept	14 Oct								
Notify Committee Admin of Report									14 Nov							
Prepare Cabinet Report									14 No 28 Nov							
Dispatch Cabinet Report									28 NOV							
TACT Comment																
Tender Acceptance Report to Cabinet										10 Dec						
Offer & Acceptance of Tender										10 Dec						
Publish OJEU Award Notice										10 Dec						
Lead in Time																
Contract Commences														1 April		

Winchester City Council
Cleaning Contract 2004-2009

Existing Sheltered Schemes	
1	Airlie Corner, Stanmore
2	7-37 Chester Court, Chester Road, Winchester
3	Colson Close, Winchester
4	Chiltern Court, Searles Close, Alresford
5	Danemark Court, Gordon Road, Winchester
6	Drummond Close, Stanmore
7	Eastacre, Berewecke Road, Weeke
8	Godson House, Lawn Street, Winchester
9	Greens Close, Bishops Waltham
10	Hyde Gate, Hyde Street, Winchester
11	Hyde Lodge, Worthy Lane, Winchester
12	Harwood Place, Kings Worthy
13	King Harold Court, Christchurch Road, Winchester
14	Lawn House, Lawn Street, Winchester
15	Lisle Court, Stuart Crescent, Stanmore
16	Matilda Place, Gordon Road, Winchester
17	Mildmay Court, Eastgate Street, Winchester
18	Makins Court, Windsor Road, Alresford
19	New Firmstone Road, Winnall
20	Old Firmstone Road, Winnall
21	Normandy Court, Station Close, Wickham
22	Penton Place, Milland Road, Highcliffe
23	Richard Moss House, St Peters St, Winchester
24	Saxon Rd/ Bartholemew Close/Monks Road, Winchester
25	Simonds Court, Chaundler Road, Abbots Barton
26	Springhouse Close, Colden Common
27	The Valley, Stanmore
28	Victoria House, Victoria Road, Winchester
29	White Wings House, Ashling Park Road, Denmead

Winchester City Council
Cleaning Contract 2004-2009

Existing General Needs	
30	Albert Court, Winchester
31	Greyfriars, Eastgate Street, Winchester
32	Pound Road, Kings Worthy
33	Fraser Road, Kings Worthy
34	Thurmond Crescent, Stanmore
35	Woolford Close, Stanmore
36	Woodrow House, St. James Terrace, Winchester
37	Windsor House, Lawn Street, Winchester
38	Test House, Milland Road, Highcliffe
39	Meon House, Milland Road, Highcliffe
40	Trussell Crescent, Weeke
41	Forder Court, Winchester
42	Braxton House, Winnall Manor Road, Winnall
43	Craddock House, Winnall Manor Road, Winnall
44	Earle House, Winnall Manor Road, Winnall
45	Dennett House, Winnall Manor Road, Winnall

	Sheltered Schemes	Additional works to Sheltered Schemes	No of Additional Stairwells
1	Airlie Corner	common room, toilet, kitchen	
2	7-37 Chester Court, Chester Road	none	
3	Colson Close	common room guest room, toilet, kitchen,	
4	Chiltern Court	common room guest room, toilet, kitchen,	
5	Danemark Court	Bins and Chute	
6	Drummond Close	common room guest room, toilet, kitchen,	
7	Eastacre	Common room, guest room, office, toilets, kitchen, laundry,	
8	Godson House	none	
9	Greens Close	none	
10	Hyde Gate	common room guest room, toilet, kitchen,	
11	Hyde Lodge	common room guest room, toilet, kitchen, office	
12	Harwood Place	common room guest room, toilet, kitchen,	
13	King Harold Court	Bins and storage area	
14	Lawn House	none	
15	Lisle Court	Common Room., guest room	
16	Matilda Place	All flat windows	
17	Mildmay Court	none	
18	Makins Court	Bins and Chute windows, communal areas	
19	New Firmstone	Communal areas, lounge, guest room, office, toilets, kitchen	
20	Old Firmstone	Additional staircases	8
21	Normandy Court	none	
22	Penton Place	common room guest room, toilet, kitchen,	
23	Richard Moss House	Laundry, bins and chute	
24	Saxon Road/Bartholemew Close/Monks Road	none	
25	Simonds Court	common room, guest room	
26	Springhouse Close	none	
27	The Valley	common room, guest room	
28	Victoria House	All flat windows	
29	White Wings House	Common room, guest room, office, toilets, kitchen, laundry,	

	Existing General Needs	Additional Works to General Needs Schemes	No of Additional Stairwells
30	Albert Court, Andover Road	none	
31	Greyfriars, Eastgate Street	none	
32	Pound Road	none	
33	Fraser Road	Additional stairways	7
34	Thurmond Crescent	none	
35	Woolford Close	Communal areas, bin and chutes,	
36	Woodrow House, St.JamesT	Communal areas.	
37	Windsor House, Lawn Street	none	
38	Test House, Milland Road	Clean all windows	
39	Meon House, Milland Road	Clean all windows	
40	Trussell Crescent, Weeke	none	
41	Forder Court	none	
42	Braxton House,	Quarterly only	
43	Craddock House	Quarterly only	
44	Earle House	Quarterly only	
45	Dennett House	Quarterly only	

		Additional General Needs Schemes to be added to the Contract	No of Additional Stairwells
46	Colbourne Court	All works to be as specified as necessary and be consistent with other similar properties	7
47	Charles Close		7
48	Ashburton Close		3
49	Fairdown Close 6-7, 9,10		2
50	Orchard Close		3
51	Quarry Road		1
52	Ramsey Road		1
53	Sommerville Road 6-8a, 10-12a, 14-16a		3
54	Brittany House*		1
55	Cromwell Road 124-138		3
56	Paulet Place 9-15		1
57	Alresford road 90-92, 116-120		2
58	Andover Road 36a-d		1
59	Water Lane 40-a-d		1
60	Chester Court		1
61	Cripstead Lane 23-32		1
62	Dalzell 1-6		1
63	Parmitter House 1-10		1
64	Riverside House 1-6		1
65	Shepherds Road 24-26 26-47		4
66	Spicer Court 1-12		1
67	St Bedes Ct 1-10		1
68	St Johns St 12-13, 18 -19		2
69	Bere Road 13-17, 18-21		2
70	Sussex St Hostel 1-25*		1
71	Upper Brook St 15-21		1
72	Wales St 4-28		2
73	Water Lane		1
74	Woodrow House 1-6		1
75	Robertson Rd		6
76	Harwood Place Gen needs blocks	7	
77	James Howell Court	3	
78	Fleming Place	6	
79	Fromond Rd 23-27	1	
80	Princes Place 9 -15	1	
			96

* Denotes Hostel Schemes