

ITEM No ...2.....

REPORT TO: NEIGHBOURHOOD REGENERATION, HOUSING & ESTATE
MANAGEMENT COMMITTEE – 4 SEPTEMBER 2023

REPORT ON: PROPERTY AND HOUSING MAINTENANCE AND REFURBISHMENT
FRAMEWORK

REPORT BY: EXECUTIVE DIRECTOR OF NEIGHBOURHOOD SERVICES

REPORT NO: 237-2023

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide an update on the development of a sourcing strategy for Property and Housing Maintenance and Refurbishment and to seek approval to procure through a new Scotland Excel framework, either by direct award (based on the National Schedule of Rates - NSR) or through a mini competition carried out under the terms of the framework.

2. RECOMMENDATION

- 2.1 It is recommended that the Committee:

- Approves the use of the Scotland Excel Property and Housing Maintenance and Refurbishment framework as an alternative option to procuring Property and Housing trades contractor works for Dundee City Council where Construction Services are unable to undertake the works using inhouse resources.
- Delegates authority to the Executive Director of Neighbourhood Services to utilise the Property and Housing Maintenance and Refurbishment framework, recently let by Scotland Excel following a tender process carried out in compliance with the Public Contracts (Scotland) Regulations of 2015, and to procure either by direct award for contracts up to £10,000 (based on the National Schedule of Rates - NSR) or others through a mini competition carried out under the terms of the framework.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications associated with this report, other than the estimated cost of the contract to be awarded, the sum of which has already been approved in the relevant budgets. The total amount anticipated to be awarded from the contract amounts to no more than £1.8m per annum. The overall contract spend will be monitored as part of the established budget monitoring arrangements.
- 3.2 The Executive Director of Corporate Services has confirmed that funding for the above projects is available within the Construction Services Revenue Budget, these costs are then recharged to client services budgets as part of the established arrangements for repairs partnerships.
- 3.3 Any material deviation from the above sum, will require further approval from this Committee, prior to the further work being awarded. Officers will monitor the overall spend awarded to sub-contractors within this framework to ensure no contracts above this limit are awarded.

4. DETAILS OF THE PROJECT BEING COMMISSIONED

- 4.1 Dundee City Council Construction Services carry out maintenance and refurbishment work to Council houses and other Council properties. While most of the work is undertaken by City Council employees, there is a requirement to procure external contractors. This allows the Council to deal with peaks in workload and to carry out more specialist work.

4.2 There is a competitive market for this type of work, with a mixture of small and large businesses and also local and national companies regularly expressing interest. The national contract has been divided into geographical lots, as well as by trade, to encourage local and small businesses to participate. Dundee City Council subject experts have been involved in the development of the national framework through contributing to User Intelligence Groups and helping with the tender evaluation. Supplier workshops have been held in Dundee to ensure local businesses were included in the opportunity.

4.3 All of the suppliers on the Scotland Excel framework for Property Maintenance and Refurbishment are committed to delivering community benefits. 74 of 88 suppliers on the framework pay real Living Wage with the other 14 suppliers committing to do so within 2 years.

5. SOURCING STRATEGY SUMMARY

5.1 Dundee City Council have procured property maintenance and refurbishment contracts on an ad-hoc basis for many years. Works contracts do not lend themselves well to standard framework arrangements as each commission is unique. Many frameworks for works contracts therefore either do not provide pricing information at all or only standard or sample pricing, which makes it very difficult to direct award from those frameworks. The alternative to making a direct award is to award following a mini-competition exercise. While this can be an effective way to procure, it is time-consuming (for both client and contractor) and does not lend itself to reactive maintenance where a swift response is necessary.

5.2 The new framework contract let by Scotland Excel addresses this by using the National Schedule of Rates. Each maintenance or refurbishment task is pre-priced in the National Schedule of Rates with contractors bidding on a plus or minus percentage to the national rates. This allows Dundee City Council to let work through the contract on an efficient and effective basis as to the cost of individual works. Where the Council utilise a national or local framework to procure works, all tenderers that have been assigned to the relevant framework have previously been assessed on a qualitative and cost basis, ensuring a highly competitive benchmark is set for the framework supply chain.

5.3 While the majority of works through the framework will be pre-planned and subject to mini competition, there will be the ability for Construction Services to commission smaller value works i.e. contracts up to £10,000 directly using the National Schedule of Rates. In a mini-competition, suppliers can improve their pricing but not increase it.

5.4 The use of a framework contract will give the Council the ability to build a closer contractual relationship with participating contractors. The multi-supplier format of the framework incentivises individual suppliers to deliver good quality work with the aim of receiving further commissions.

5.5 The framework has an initial two-year term, until June 2025, and a potential two years extension, to June 2027.

6. RISK ANALYSIS

6.1 There are four standard risks in any procurement and for public sector regulated procurements, a fifth is added, that of the procurement exercise itself breaching the public contract regulations and leaving the Council open to a legal challenge.

Description of Risk	Actions to be taken to manage Risk
Commercial Risk – That either the price objectives are not achieved up front or there are other costs that arise during the contract and diminish the overall benefits.	Prices are based on NSR – DCC will monitor use of rates and contractor applying those correctly

Technical Risk – This concerns the difficulty in being able to specify the desired outcome and on the market being unable to deliver to the specification	Contractors on framework – pro-active engagement will encourage participation from contractors
Performance Risk – This concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits	Framework contains set of KPIs to allow performance management
Contractual Risk – Being able to remedy the shortcomings in the contractor's performance without severely damaging the contract and about avoiding reliance on the contracted supplier as the contract develops.	Multi-supplier framework reduces the risks of reliance on single supplier. Need to engage with all suppliers in each lot
Procurement Risk – where a procurement is found unsound in law, through the public procurement rules	Framework let by Scotland Excel in compliance with Public Procurement rules

7. CONCLUSION

- 7.1 It is recommended that approval is given to use the Scotland Excel Property and Housing Maintenance and Refurbishment framework as set out within this report.

8. POLICY IMPLICATIONS

- 8.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

9. CONSULTATION

- 9.1 The Council Leadership Team have been consulted in the preparation of this report and agree with the contents.

10. BACKGROUND PAPERS

- 10.1 None

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11 August 2023

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