

REPORT TO: HOUSING, DUNDEE CONTRACT SERVICES AND ENVIRONMENT SERVICES COMMITTEE - 6TH DECEMBER 2010

REPORT ON: CONSTRUCTION PROCUREMENT PERFORMANCE (HRA CAPITAL PROGRAMMES)

REPORT BY: CITY ARCHITECTURAL SERVICES OFFICER / DIRECTOR OF HOUSING

REPORT NO: 692-2010

1. PURPOSE OF REPORT

- 1.1. The Construction Procurement Policy (Report 356-2009) approved by the Policy and Resources Committee in July 2009 requires that an annual report is made on procurement performance for the delivery of the HRA capital programme. This report and appendices provide analysis of performance for year 2009/10.

2. RECOMMENDATIONS

It is recommended that the Committee :-

- 2.1. note performance on delivery under the procurement policy for year 2009/10;
- 2.2. approve the continuation of these delivery arrangements for 2011/12 HRA capital programme;
- 2.3. approve the market testing proposed for the current year as outlined in paragraph 5.9 and the introduction of unit rates based on the results of this testing exercise, initially in the Heating/Kitchen and Bathroom programme;
- 2.4. approve the review of the partnering framework for 2012/13.

3. FINANCIAL IMPLICATIONS

- 3.1. There are no financial implications beyond those already reported in the Council's Capital Estimates 2010/2011 - 2014/15.

4. POLICY IMPLICATIONS

- 4.1. This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

5. PERFORMANCE REPORT

- 5.1. The works included in this report are associated with the delivery of the Scottish Housing Quality Standard and include works such as heating, kitchen and bathroom replacement, shower installation, roof and roughcast renewals. The Council has a number of major and minor partnering contractors who are used to carry out the work. Annual market testing is also undertaken by issuing work via competitive tender so that the market is continually tested and the Council can ensure that it is delivering best value in programme delivery. In order to obtain best value the Council seeks to ensure that the appropriate balance of cost and quality is achieved in line with agreed service delivery standards.
- 5.2. The current partnering procurement framework has been in place since 2003. In order to ensure transparency and value for money in procurement it is intended to complete a review of the partnership for implementation in 2012/13.
- 5.3. Within the Partnership Cost and Quality Internal clusters comprising the major partners, Housing and Architectural Services meet regularly to review cost and quality measures. Quality measures are measured through Key performance indicators at project level and these are discussed and reviewed at the fortnightly Project clusters. At a more strategic level Quality measures are discussed at the Partnering framework Project board and its associated Clusters, in particular the Procurement, Monitoring and Evaluation, Client, and Quality Clusters.

The main strategic measures of Quality are:

- Customer Satisfaction Surveys
- Customer Focus Groups
- Measurement of levels of defects over Contracts
- Levels of default application
- Number of installations by target
- Actual end to end timetables against planned programme

At Project level KPIs measures include:

- Quality of workmanship
- Level of defects
- Teamworking
- Predictability of time and costs
- Safety
- Welfare
- Overall performance of all Project partners
- Communication

Operational Performance

- 5.4. During 2009/10 quality measures demonstrate that at project level all Partners either meet or exceed Project performance specification on all programmes. Customer Satisfaction ratings were 86% over 2009/10. Feedback from surveys has been used to drive forward improvements in Customer service such as the display portacabins that are now in place for tenants to view proposed kitchen and bathroom fittings before work starts in their homes. We also now provide more detailed information as to how work will be carried out in tenants homes, on the anticipated level of disruption and crucially the standards expected of contractors and the arrangements we require tenants to make during the process.
- 5.5. In order to drive further improvements in cost and quality a supply chain exercise previously undertaken appointed Worcester Bosch and Valliant as the preferred suppliers for gas central heating boilers. The gas central heating supply chain will require to be reviewed in 2011 and it is likely that if similar prices and service standards can be negotiated that the agreement would continue for a further 3 year period. A key performance indicator of the success in this partnership is the significant drop in the level of defects relating to boilers since the existing supply chain commenced. This ensures significant savings for all involved in the process, reduces the resource requirement from reactive maintenance and drives up tenant satisfaction levels. During 2009/10 a further exercise was undertaken to appoint preferred kitchen suppliers and as a result of this process Moores and JTC were appointed.
- 5.6. In the period from July 2009 until 31 March 2010 the value of work within the HRA capital programme allocated was £13,363,058. All individual contract costs are reported to the Housing, Dundee Contract Services and Environment Services Committee for approval prior to the work being committed and these are listed on Appendix B of this report.
- 20 (35%) contracts were let to DCS within the Partnership.
- 18 (31%) contracts were let to McGill Electrical Ltd. within the Partnership.
- 4 (7%) contracts were let to minor partners within the Partnership.
- 6 (10%) contracts were let under competitive tender.
- 4 (7%) contracts were let using design and build procurement.
- 6 (10%) contracts were negotiated with contractors based on previous projects.
- 5.7. Trends in contract costs for kitchen and bathroom replacements completed within the partnership agreement, the major element of the programme, are contained in the graph attached within Appendix A. This shows the trend in costs up to 2010 with costs averaging £4000 per unit. Partnering ensures that all parties strive to produce best value through competitive costs whilst delivering the required service standards thereby improving the ultimate aim of successful project delivery for tenants. Partnering provides better cost predictability with projects delivered on budget. This monitoring is ongoing on a continual basis and will continue to be developed throughout the programme delivery.

- 5.8. Market testing within the programme is an essential element in determining competitive rates and ensuring that rates negotiated within the Partnership do provide value for money. Due to current market conditions contract bids submitted under competitive tender can appear low, however there is a tendency for projects won via competitive tender to have more of an adversarial nature on site with claims being made by contractors for additional payments which can impact adversely on out turn costs. Performance under a number of contracts is currently being assessed by Architectural Services Division to assess possible unit rates going forward.

Attainment of Partnership objectives

- 5.9. On the basis of performance over 2009/10 the contractors within the Partnership have demonstrated their ability to deliver the required levels of service within cost parameters. This is greatly assisted by the Partnering framework which gives Contractors certainty of future volumes of work and also continuity of work, this enables them to break out of the cycle of hiring and firing labour and ensures that the workforce retained is experienced in the type of work being carried out and understands the working practices and high expectations of customer care required by the Council and our tenants.

Market Testing for 2011/12

- 5.10. The following projects will be issued to competitive tender for market testing:

St Mary's 10th Flats - Heating, Kitchens and Bathrooms

Lorne Street Development - Kitchens and Bathrooms

Arklay Street Roof Replacement (2 phases)

Hilltown West Roof Replacement

Corso Street Roof Replacement 2nd development phase 2

5-6 Disabled adaptations

6. CONSULTATIONS

- 6.1. The Chief Executive, Depute Chief Executive (Support Services), Director of Finance and all other Chief Officers have been consulted on this report. No concerns have been expressed.

7. BACKGROUND PAPERS

- 7.1. Reference is made to Article XVI of the Policy and Resources Committee held on 1 July 2009 when the Committee (i) endorsed the use of the principles of partnership working, where appropriate, and as established in the Council's published Partnering Guidelines for Construction Contracts (ii) agreed the principles established for the awarding of contracts for individual projects, major work programmes, responsive, cyclical and planned maintenance including minor works and (iii) agreed the procedures for monitoring and reporting on performance.

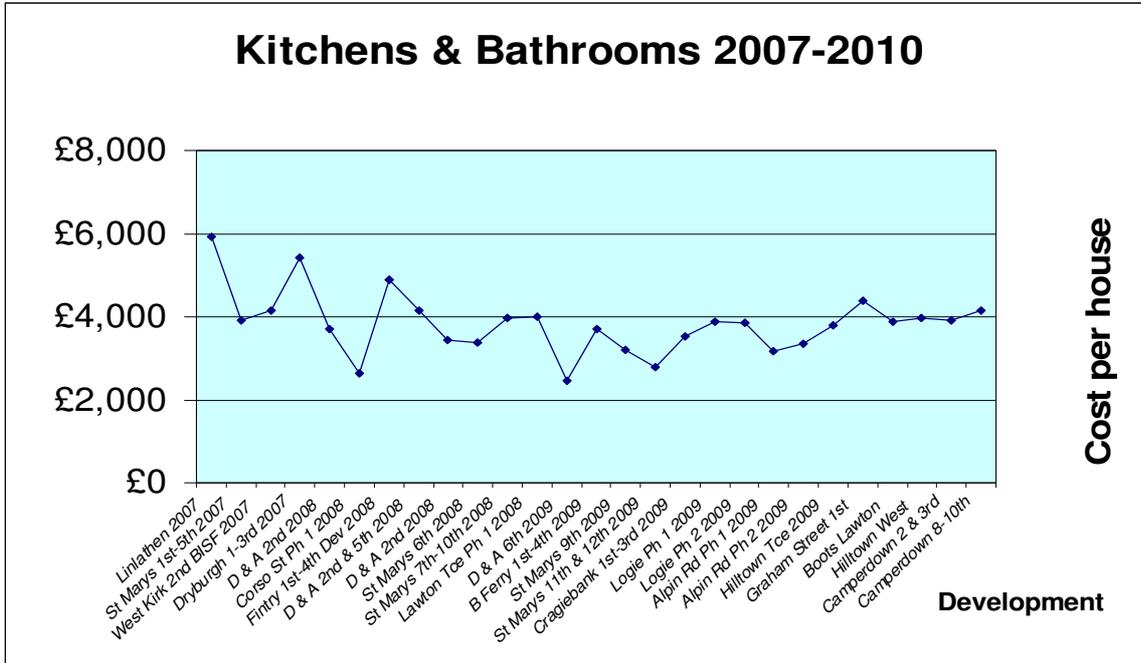
7.2. Report No : 356-2009 Construction Procurement Policy.

Rob Pedersen
City Architectural Services Officer

Elaine Zwirlein
Director of Housing

November, 2010

APPENDIX A



Construction Procurement Performance Report**Appendix B**

Committee Date	Project No	Project Title	Committee Date	Contractor	Contract Type
20 July 2009	08-1100(Extn)	Menziesshill 7th Devt - Heating, Rewire, Kitchens and Bathrooms	20 July 2009	McGill Electrical Ltd	Extension to Existing
20 July 2009	08-563	Hospital Park Devt - Kitchens and Bathrooms	20 July 2009	Dundee Contract Services	Partnering
20 July 2009	09-1822	City Wide Roof Surveys 2009/2010 - Access and Attendance Works	20 July 2009	Raynor Roofing Ltd	Negotiated
20 July 2009	09-540	Various Addresses - Controlled Entry	20 July 2009	McGill Electrical Ltd	Partnering
24 August 2009	07-1120(Extn)	Douglas & Angus 8th (Cottages & Flats) - Heating Replacement, Kitchens and Bathrooms	24 August 2009	Dundee Contract Services	Extension to Existing
24 August 2009	08-1098(Extn)	Graham Street 2nd Devt - Heating, Kitchens & Bathrooms	24 August 2009	Dundee Contract Services	Extension to Existing
24 August 2009	08-1100(Extn2)	Menziesshill 7th Devt - Heating, Rewire, Kitchens and Bathrooms	24 August 2009	McGill Electrical Ltd	Extension to Existing
24 August 2009	08-1143(Extn)	Camperdown 10th Devt - Heating Replacement and Kitchen & Bathroom Refurbishment	24 August 2009	Sidey Ltd	Extension to Existing
24 August 2009	08-555	Kirk Street 1st Devt - External Insulation	24 August 2009	Muirfield (Contracts) Ltd	Tendered
24 August 2009	08-557	St Marys 3rd Devt - Render Renewal	24 August 2009	Andrew Shepherd Construction Ltd	Tendered
24 August 2009	08-562(Extn)	Stirling Park 1st and 3rd Devts - Kitchens and Bathrooms	24 August 2009	Dundee Contract Services	Extension to Existing
24 August 2009	08-563(Extn)	Hospital Park Devt - Kitchens and Bathrooms	24 August 2009	Dundee Contract Services	Extension to Existing
24 August 2009	08-568(Extn)	St Marys 9th Devt - Kitchen and Bathroom Refurbishment	24 August 2009	Andrew Shepherd Construction Ltd	Extension to Existing
24 August 2009	09-1052A	Lily Walker Centre - Security Lighting	24 August 2009	Dundee Contract Services	Small Works Partnership
24 August 2009	09-1066	Craigie Drive 1st Devt - Heating, Kitchens and Bathrooms	24 August 2009	McGill Electrical Ltd	Partnering
24 August 2009	09-541	MSD Fabric Inspections - 2009-2010	24 August 2009	Castle Group Scotland Ltd	Tendered

28 September 2009	07-578(Extn)	Douglas & Angus Cottages 2nd & 5th Devts - New Kitchens and Bathrooms	28 September 2009	Andrew Shepherd Construction Ltd	Extension to Existing
28 September 2009	09-1067	Craigiebank Circle - Heating, Kitchens, Bathrooms and Showers	28 September 2009	McGill Electrical Ltd	Partnering
28 September 2009	09-516	St Marys 11th & 12th Devts - Kitchens, Bathrooms and Showers	28 September 2009	Andrew Shepherd Construction Ltd	Negotiated
28 September 2009	09-517	Craigiebank 1st and 3rd & Craigie 2nd Devts - Kitchens, Bathrooms and Showers	28 September 2009	Moore's Furniture Group Ltd T/A MASCO Onestep Installation Services	Partnering
28 September 2009	09-518A	Logie Devt Phase 1 - Kitchens, Bathrooms and Showers	28 September 2009	McGill Electrical Ltd	Partnering
28 September 2009	09-518B	Logie (& City Road 1st) Devt - Phase 2 - Kitchens, Bathrooms and Showers	28 September 2009	Dundee Contract Services	Partnering
28 September 2009	09-519A	Alpin Road Phase 1 - Kitchens, Bathrooms and Showers	28 September 2009	Sidey Ltd	Partnering
28 September 2009	09-519B	Alpin Road Phase 2 - Kitchens, Bathrooms and Showers	28 September 2009	McGill Electrical Ltd	Partnering
28 September 2009	09-520	Hilltown Terrace/McDonald Street - Kitchens, Bathrooms and Showers	28 September 2009	Dundee Contract Services	Partnering
28 September 2009	09-540A	Various Addresses - Controlled Entries 2009-2010 Phase 2	28 September 2009	McGill Electrical Ltd	Partnering
26 October 2009	09-1065	Blackness Road Tenements - Heating, Kitchens, Bathrooms and Showers	26 October 2009	Dundee Contract Services	Partnering
23 November 2009	09-1119	Alva Square - Warden Call System Replacement	23 November 2009	McGill Electrical Ltd	Partnering
23 November 2009	09-540B	Various Addresses - Controlled Entries 2009-2010 Phase 3	23 November 2009	McGill Electrical Ltd	Partnering
23 November 2009	09-555A	Showers for All - Individual Houses	23 November 2009	Dundee Contract Services	Partnering
23 November 2009	09-555B	Showers for All - Individual Houses	23 November 2009	McGill Electrical Ltd	Partnering
23 November 2009	10-1004	Camperdown 12th Devt - Heating, Kitchens, Bathrooms & Showers	23 November 2009	McGill Electrical Ltd	Partnering
23 November 2009	10-1009	Craigie 1st Devt (Flats) - Heating, Kitchens, Bathrooms & Showers	23 November 2009	Dundee Contract Services	Partnering
07 December 2009	08-555(Extn)	Kirk Street 1st Devt - External Insulation	07 December 2009	Muirfield (Contracts) Ltd	Extension to Existing
25 January 2010	09-036	Tullideph Road Sheltered Housing - Alterations	25 January 2010	Dundee Contract Services	Negotiated

25 January 2010	09-1060(Extn)	Various Houses - Heating, Kitchens, Bathrooms and Showers	25 January 2010	McGill Electrical Ltd	Extension to Existing
25 January 2010	10-1012	Craigie Drive 2nd Flats & Montgomerie Drive Cottages - Heating, Kitchens, Bathrooms & Showers	25 January 2010	Dundee Contract Services	Partnering
01 February 2010	10-1025	Various Houses - Periodic Electrical Testing (pilot)	01 February 2010	McGill Electrical Ltd	Partnering
01 February 2010	10-1026	Various Houses - Periodic Electrical Testing (pilot)	01 February 2010	Dundee Contract Services	Negotiated
22 February 2010	09-508	Camperdown - Various Devts - Heating, Kitchens, Bathrooms & Showers	22 February 2010	Dundee Contract Services	Partnering
22 February 2010	10-1001	St. Mary's 1st Devt - Heating, Kitchens, Bathrooms & Showers	22 February 2010	McGill Electrical Ltd	Partnering
22 February 2010	10-1002	St. Mary's 7th Devt (Flats) - Heating Replacement	22 February 2010	McGill Electrical Ltd	Partnering
22 February 2010	10-1013	Douglas & Angus 1st Flats - Heating, Kitchens, Bathrooms & Showers	22 February 2010	Dundee Contract Services	Partnering
22 March 2010	08-1041	Happyhillock Road - Wardens Call System Replacement	22 March 2010	McGill Electrical Ltd	Partnering
22 March 2010	09-008A	Ettrick Crescent - New Build Housing	22 March 2010	Muirfield (Contracts) Ltd	Design & Build
22 March 2010	09-008B	Liff Road - New Build Housing	22 March 2010	Muirfield (Contracts) Ltd	Design & Build
22 March 2010	09-008D	Mains Loan - New Build Housing	22 March 2010	W H Brown Construction (Dundee) Ltd	Design & Build
22 March 2010	09-038	Hill Street Community Complex - Alterations and Improvements	22 March 2010	Dundee Contract Services	Negotiated
22 March 2010	09-039	Lime Street Complex - Alterations and Improvements	22 March 2010	Dundee Contract Services	Negotiated
22 March 2010	09-508A	Camperdown 8th, 9th & 10th Devts - Kitchens, Bathrooms and Showers	22 March 2010	Dundee Contract Services	Partnering
22 March 2010	09-521	Arklay Street 1st Devt - Roof Repairs Phase 1	22 March 2010	Andrew Shepherd Construction Ltd	Tendered
22 March 2010	09-523	Corso Street 2nd Devt - Roof Repairs Phase 1	22 March 2010	Andrew Shepherd Construction Ltd	Tendered
22 March 2010	09-526	Fleming Gardens Devt - Roof Repairs Phase 5	22 March 2010	Andrew Shepherd Construction Ltd	Tendered
22 March 2010	09-528	Linlathen 1st Devt - Roof Renewal Phase 4A	22 March 2010	Dundee Contract Services	Negotiated
22 March 2010	10-513	Graham Street 1st Devt - Kitchens, Bathrooms and Showers	22 March 2010	Sidey Ltd	Partnering
22 March 2010	10-514	Boots Lawton Devt - Kitchens, Bathrooms and Showers	22 March 2010	Moore's Furniture Group Ltd T/A MASCO Onestep Installation Services	Partnering

22 March 2010	10-515	Hilltown West Devt - Phases 1-5 - Kitchen Bathrooms and Showers	22 March 2010	McGill Electrical Ltd	Partnering
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