

North Tyneside Council

Report to Cabinet

Date: 21 September 2020

Title: Housing and construction procurement of suppliers of materials and subcontractors

Portfolio:	Housing	Cabinet Member:	Councillor Steve Cox
Report from Service Area:	Environment, Housing and Leisure		
Responsible Officer:	Phil Scott, Head of Environment, Housing and Leisure	Tel: (0191) 6437295	
Wards affected:	All wards		

PART 1

1.1 Executive Summary:

On 1st April 2019 the long-term partnership agreement for the delivery of the housing repairs, maintenance and construction services with Kier North Tyneside expired. These services are now managed by the Authority. At the time of transfer a major procurement exercise was undertaken to engage a supply chain to provide vital goods and services aligned to Council policy priorities. These contracts were for an initial term of 2 years and now need to be re-procured.

In accordance with Contract Standing Order 8(4), this report requests Cabinet approval to proceed with the procurement as the value will exceed £500,000.

1.2 Recommendations:

It is recommended that Cabinet:

- 1) approve the procurement of the goods and services as detailed in this report;
- 2) delegate authority to the Head of Environment, Housing and Leisure in consultation with the Cabinet Member for Housing, the Head of Resources and the Head of Law and Governance to commence a procurement to establish frameworks and award contracts to those bidders who represent the most economically advantageous tender and any subsequent call-off contracts.

1.3 Forward Plan:

Twenty-eight days' notice of this report has been given and it first appeared on the Forward Plan that was published on 14 August 2020.

1.4 Council Plan and Policy Framework

This report relates to the following priorities in the 2020-2024 Our North Tyneside Plan:

- Our people will be ready for work and life
- Our places will be great places to live
- Our places will offer a good choice of quality housing
- Recognise the climate emergency
- Our economy will grow by supporting new businesses

1.5 Information:

1.5.1 Background

The housing repairs, maintenance and construction service was previously delivered by Kier North Tyneside. Following expiry of this contract on 1st April 2019 the service is now delivered under the direct management of the Authority. At that time engagement was undertaken with the market and a suitable supply chain was established. These frameworks were for a minimum of 2 years.

1.5.2 Authority Requirements

The original contracts had an extension period built in, however it is deemed inappropriate to extend the contracts due to some market failures during the contract period and/or change to the Authority's requirements.

Lessons learned from the previous exercise show that there is a market for the services that the Authority requires. The services procured in 2019 were well received by our tenants, with a seamless transition. High quality products have been maintained, and the team engaged with suppliers and customers to pilot new products which have been well received.

It is intended that frameworks will be established with multiple suppliers, with larger packages of works being subject to mini-competition exercise. This will ensure value for money for the Authority. The frameworks will be for an initial term of either 2 or 3 years with an option to extend for a further year dependant on service requirements.

1.5.3 Good and Services

The following goods and services will be procured:

- Materials (plumbing, electrical, building, painting, timber, skips, glass and kitchens)
- Services (fencing, painting, minor works, scaffolding, roofing, plumbing and heating and electrical works)
- Design consultancy services

A new kitchen unit supplier is required and we will engage with tenants prior to the award of this contract.

1.5.4 Benefits realised to date

The housing, repairs maintenance and construction service currently spends circa £20m on goods and services to support the in-house team across both the housing and schools and public buildings offer. As reported to Cabinet at its meeting of 25 November 2019 the savings associated with the Construction Project and savings in the first year were circa £5.311 million. As reported to Cabinet at its meeting of 25 November 2019 the spend within the borough had increased by 17% from previous years following the transfer of the service. This increase is hoped to be surpassed in this procurement exercise.

Supporting the Local Supply Chain

As detailed in the report to Cabinet dated 25 November 2019 a large majority of material suppliers are large national companies. However we may now be able to increase the local supply chain by re-packaging the offer to the market.

The Covid crisis has changed the supply chain, some suppliers are now unfortunately in administration. We have supported the supply chain where possible using supplier relief, business rates relief and the discretionary grant. We will continue to engage with businesses and customers prior to commencing the tender exercise to ensure we fully understand the new emerging marketplace.

During the original procurement exercise engagement through social media was incredibly successful with over 250 businesses attending events to understand the business on offer. We will replicate this as part of this procurement exercise. Virtual briefings will be provided together with a number of short 'how to videos'. Our procurement pages and links to external organisations will be updated and will be easier to navigate. This will ensure smaller suppliers are able to tender.

1.5.5 Our Priorities

The opportunities will be packaged to maximise the benefits for the Authority while supporting the local supply chain as much as possible.

Climate Emergency

Following the climate emergency declaration by full Council at its meeting of 24 June 2019, the materials and services tender will support the Authority's carbon reduction and recycling ambitions. For example, a more local supply chain will reduce travel for suppliers, branches within the borough will increase local employment and increase productivity.

The Procurement Strategy

The Authority adopted its Procurement Strategy in 2017. Utilising the social value principles within the Procurement Strategy, the Authority will gain commitments of local employment and apprenticeships. This will contribute to the economic recovery of North Tyneside in the wake of the Covid crisis.

Our tendering process will be streamlined and better information will be provided to the market. Lower value tenders will be issued, and this will give our SME's the chance to

work with the Authority, again supporting local businesses. Working with the Business Forum and NEPO, bespoke workshops will be developed to support SME's.

The principles set out in the Authority's Responsible Procurement Charter will be embedded in the tender requirements.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet may approve the recommendations set out in paragraph 1.2 to carry out the necessary procurement exercises.

Option 2

Cabinet may not approve the recommendations and continue to carry out tender opportunities for each package of works and/or services. This may not provide value for money or achieve the priorities of the Authority.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

The Authority has a duty to obtain value for money. Tendering the opportunities identified in the report will meet the priorities contained within the Procurement Strategy and Our North Tyneside Plan. Should individual opportunities be tendered value for money and the associated benefits may not be achieved.

1.8 Appendices:

There are no appendices to this report.

1.9 Contact officers:

Phil Scott – Head of Environment, Housing and Leisure. Tel 0191 6437295
Sarah Heslop – Senior Manager (Contracts). Tel 0191 6435456
David Foster – Housing Property and Construction Manager. Tel 0191 6437801

1.10 Background information:

There are no background papers.

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The procurement of suppliers and contractors to service the Authority's Housing Repairs and Construction operational needs is a critical part of the process to enable the successful delivery of the housing and construction offer.

The budgets to pay for the costs of sub-contractors are provided for either via the Housing Revenue Account Business Plan, the General Fund or the Capital Investment Plan

2.2 Legal

The procurement shall be carried out in compliance with the Public Procurement Regulations 2015 and the Authority's Contract Standing Orders.

2.3 Consultation/community engagement

Consultation has been carried out with the Cabinet Member for Housing. Market engagement events will be undertaken prior to the tender process commencing.

2.4 Human rights

There are no human rights issues directly arising from this report

2.5 Equalities and diversity

There are no equality and diversity issues which arise directly from this report

2.6 Risk management

Any risk management issues are included within the Authority's risk register and will be managed by this process.

2.7 Crime and disorder

There are no crime and disorder issues directly arising from this report.

2.8 Environment and sustainability

Where appropriate tenderers will be obliged to commit to carbon reduction and recycling to assist with the climate emergency declaration.

PART 3 - SIGN OFF

- Chief Executive
- Head(s) of Service
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Head of Corporate Strategy and Customer Service