



2018

Housing Procurement Strategy



Colchester Borough Council & Colchester
Borough Homes

Executive Summary

This document records the strategy for procurements relating to the housing stock owned by Colchester Borough Council (the Council or CBC) and managed by Colchester Borough Homes (CBH).

The strategy covers all work types including:

- Planned works (e.g. component renewals, such as kitchens and bathrooms);
- Improvements (e.g. provision of new components, such as smoke detectors and loft insulation);
- Responsive and void works (e.g. minor repairs and work in vacant properties); and
- Cyclical maintenance (e.g. Gas appliances, painting and servicing).

This strategy has been produced following an evaluation of procurement options that considered items such as:

- Contract forms;
- Number of contracts;
- Contract durations;
- Local market conditions/contractor capability;
- Pricing mechanisms; and
- Works grouping.

The arrangements are considered against the need to provide good value for money and to deliver against the Council's aspirations to stimulate the local economy. It is also important to ensure compliance with the Public Contract Regulations 2015.

This procurement strategy aims to bring about benefits to CBC and CBH as an Arm's Length Management Organisation (ALMO) through the use of modern procurement techniques providing enhanced value for money.

Typically CBC will remain the contracting party (the Employer) with the administration and management of the contracts being undertaken by CBH (the Contract Administrator).

Tenant and leaseholder views will be sought when developing contracts to ensure the correct service is procured and delivered addressing the needs of our residents and communities.

All planned works are currently undertaken by external (outsourced) providers. Responsive repairs, works to void properties and some adaptations are undertaken by the CBH Direct Labour Organisation (DLO).

The following summarises the key aspects of the Housing Procurement Strategy:

Contracts are to be drafted and let upon the appropriate form of JCT Contracts, with a non-binding partnering charter that encourages collaborative working.

The duration of contracts will be appropriate for the types of work being procured although long term contracts are usually considered for up to a 4 year term with the option to extend by up to a further 2 years (subject to specified performance criteria being met).

A number of procurements may be undertaken for planned works, based upon single component types or appropriate component groupings.

Procurements will be subject to relevant CBC Financial Regulations and Contract Procedure Rules and will be advertised via the Official Journal of the European Union (OJEU) in compliance with the EU directive and the Public Contract Regulations 2015 and in accordance with the applicable financial thresholds.

Contract specifications are to be drafted relevant to the procurement in question and should ensure a high degree of cost certainty. Suitable methods include the use of pricing matrices, schedules of rates and lump sums.

Specifications must adhere to the Colchester Standard.

The principles of effective collaborative working (partnering) shall be applied when drafting and administering contracts.

All contracts will be subject to the application and use of Key Performance Indicators (KPIs); these will be agreed and applied to each contract as appropriate.

Procurement risk shall be assessed in advance of all procurements, reviewed and mitigated wherever possible.

This strategy should be reviewed regularly alongside the Asset Management Strategy.

A Register of Contracts is maintained for all procurements and is available on the CBC Website (www.colchester.gov.uk)

Contents

| | |
|---|---|
| Executive Summary | 2 |
| Contents | 4 |
| Introduction | 5 |
| Housing Procurement Strategy Objectives | 5 |
| General Strategy Requirements | 6 |
| Procurement Types | 7 |
| Form of Contract | 8 |
| Contract Duration | 8 |
| EU Directives | 8 |
| Leaseholder Consultation | 9 |
| The Colchester Standard | 9 |
| Electronic Business | 9 |
| Strategy Compliance | 9 |

Introduction

This strategy document outlines how CBC's procurement activities will be undertaken for planned, responsive and void repairs and cyclical maintenance.

CBH operates as an Arm's Length Management Organisation (ALMO) to manage CBC's housing stock.

CBC and CBH will continue to invest in the housing stock to fulfil obligations to residents and to maintain the Colchester Standard.

To achieve its objectives CBC will undertake a series of procurements to enable works programmes to be effectively delivered. This strategy sets out the methodology to be used.

The Housing Procurement Strategy is intended to provide additional details relevant to the housing stock. It is intended to supplement and not to replace the Council's Corporate Procurement Strategy. The Council is now officially recognised as a Living Wage employer. This means that as well as paying the Living Wage to all directly employed staff, a phased plan for third party contracted staff is in place as relevant contracts come up for renewal.

The requirement for work (and therefore procurements) will emerge from the works programme as derived and recommended by the Asset Management Group (AMG). The works programmes shall be derived from the Asset Management Database (SAM), which is informed by an annual 20% sample stock condition survey.

Effective procurement is required to help CBC and CBH provide a high standard of service and to deliver ongoing works programmes.

All procurement strategies carry a level of risk, some more than others. This strategy document aims to deliver least risk solutions, high standards of service and best value.

This strategy should be read alongside the Asset Management Strategy, adopted by CBC and CBH, which provides additional detail and context.

Housing Procurement Strategy Objectives

CBC wishes to align its procurement functions clearly and more closely with its duties under value for money and modern construction procurement techniques. These are the principles contained in the reports 'Rethinking Construction' and 'Accelerating Change' by Sir John Egan as well as other reports such as those produced by Byatt and Latham, referred to collectively as 'modern procurement'. CBC and CBH will work collaboratively with any contractors that are appointed.

The overriding objectives are to ensure that all recommendations will be tested and evaluated against the following principles.

- Maximise Efficiency and Effectiveness of Service delivery

- Deliver best quality / cost balance
- Obtain best cost certainty balanced against risk transfer and price point.
- Robust contractual arrangements and contract management
- Exploit established markets
- Be compliant with Legislation, in particular the Public Contract Regulations 2015 and EU procurement regulations.
- Support insofar as possible Local Employment and the Colchester business environment.
- Require the employment of appropriate qualified and experienced contractors, and others, delivering quality services.
- Contractual arrangements established in a timely manner to deliver the Council's Legislative liabilities and responsibilities under all appropriate Law.
- Fit for purpose arrangements to deliver the planned investment and anticipated maintenance need of its Assets over the next 5 years.
- Develop arrangements with as much flexibility as possible consistent with good value in recognition of the changes facing the Council in the foreseeable future.
- Seek to derive maximum social value from Local Authority expenditure compliant with the principles set out above
- Consult with tenants and leaseholders task and finish groups to ensure that residents views and priorities are considered

General Strategy Requirements

The procurement and purchasing solutions adopted must ensure that best value is achieved by ensuring the engagement of appropriately sized contractors that will view CBC as an important customer.

Procurement will be led by in-house technical resources, under the supervision of the Procurement Business Partner, with support from external consultants whenever particular expertise is required, or extra resources are needed, or for the improvement of internal competencies.

Before undertaking any procurement, a feasibility and options appraisal shall be undertaken to determine the risks attached to each option, to assess the mitigation of such risks, and the impact upon the CBC/CBH Business Plan.

Where appropriate, consideration shall be given to the use of local providers and/or small and medium sized enterprises (SMEs).

All CBC and CBH staff involved with procurements for housing must follow this strategy unless an exception is sought. Any exception required must detail the reasons why it is necessary to operate outside the direction of the strategy and have attached a risk assessment that details the likely risks associated by such divergence and an explanation of how the risks may be managed or mitigated.

The use of local, appropriately sized, contractors to deliver the work programmes is encouraged, provided that any procurement is undertaken in full compliance with EU Procurement Directives, UK legislation and the CBC Contract Procedure Rules. The use of locally employed personnel to undertake the work is encouraged and tenderers shall be required to provide evidence of their intended strategy to encourage local labour and sub-contractors to be involved in the delivery of work programmes, together with details of proposed training and staff development schemes.

In most instances the materials supply chain should be directly managed by the Contractor.

Works of a similar nature should be packaged together in one programme or contract, regardless of who holds the budget, so that economies of scale can be achieved. Where required, appropriate coding mechanisms should be agreed so that costs can be attributed to the correct budget.

Procurement Types

Procurements may be required to provide the following types of work:

- Planned (Internal works, high level, external overview and windows and doors)
- Responsive and Voids
- Cyclical Maintenance (gas appliance, lifts and door entry servicing)

In general the matters considered are related to the following work streams:

- Larger one off Building Contracts
- Servicing and maintenance contracts
- Longer term Investment programmes
- Specialist equipment servicing maintenance and repair
- Void works (Housing)
- Smaller building contracts
- Smaller subcontract arrangements in support of in-house teams.
- Supplier networks for Building related materials/ tools etc.

Responsive and void works have different requirements to planned activities and are administered separately via the DLO. A nationally recognised composite schedule of rates (such as NHF) should be used to define and order repair works.

Cyclical maintenance typically relates to specialist servicing activities and should therefore be let as separate JCT contracts where appropriate

In general the testing and inspections work (e.g. asbestos, electrical) will be let to a separate contractor to the contractor that deals with the removal or remediation work that is deemed necessary.

Form of Contract

Most contracts are to be let on a term basis using a standard form of contract which is tried, tested, and well understood by the marketplace. In most circumstances the Contracts are to be drafted and let upon the appropriate form of JCT Contracts, with a non-binding partnering charter that encourages collaborative working.

In some circumstances where the volume of work is not sufficiently large or where the work can be fully defined and completed in less than one year, a lump sum contract may be used. In these circumstances either a JCT Minor Works 2016 or JCT Intermediate Form 2016 may be used, if any element of contractor's design is required then the appropriate Intermediate Form should be used.

Contracts shall be let directly with works providers and not with management contractors.

Contract Duration

The duration of contracts will be appropriate for the types of work being procured although long term contracts are usually considered for up to a 4 year term with the option to extend by up to a further 2 years (subject to specified performance criteria being met).

The contracts anticipated are not deemed to be a 'framework' under the Public Contract Regulations 2015.

Although contracts are to be commissioned on a longer-term basis, break clauses and 'no works guarantees' shall be retained.

Anticipated programme levels may be given to contractors for illustrative purposes only and may not be guaranteed.

Typically, CBC will remain the contracting party (the Employer) with the administration and management of the contracts being undertaken by CBH (the Contract Administrator).

CBH shall nominate an individual to fulfil the Contract Administrator's duties (this person shall be selected and appointed in accordance with the terms of the Management Agreement (2013) Schedule 6 Clause 2.12).

EU Directives

Procurement shall be undertaken in accordance with EU Procurement Directives and advertised with the Official Journal of the European Union (OJEU) where appropriate or as required.

A range of processes is available. In most instances for term contracts, a 'restricted procedure' shall be adopted, with between 5 and 8 tendering organisations sought following the evaluation of Selection Questionnaires (SQ) where permitted under the Regulations.

Leaseholder Consultation

Where works (especially those to common parts and the exterior of blocks) are undertaken, an evaluation of the presence and liabilities of leaseholders shall be undertaken before tenders are sought.

Leaseholders affected by work must be appropriately consulted in accordance with the obligations of their lease and the Landlord and Tenant Act (s.20 in particular).

The Colchester Standard

The Colchester Standard document will provide the technical and aspirational basis for the work programmes to be delivered and specifies the nature of materials and workmanship to be provided by contractors appointed to undertake the work programmes. All future works are to be procured in accordance with the requirements of this Standard.

Electronic Business

Electronic business solutions shall be used.

To comply with the Public Contracts Regulations 2015, tenders will be conducted through an electronic procurement portal, currently Delta e-Sourcing, which will also be used to conduct the processes for any dynamic purchasing systems.

Strategy Compliance

CBC require that, through the Housing Procurement Strategy, its staff ensure that all future procurement and purchasing documentation, arrangements and contracts recognise, understand and support CBC and CBH policies with regard to equal opportunities, health and safety, the environment, customer care, local employment and sustainability with the outcome that consultants, contractors and suppliers are required to support this objective.

All staff engaged in the procurement or purchasing of goods and services apply the highest standards of probity in their dealings with contractors and suppliers.

CBC adherence to a sustainable procurement strategy is a public statement of its commitment to the environment and social responsibility and should be pursued by all stakeholders.

Staff engaged in the procurement or purchasing of goods and services shall undertake appropriate consultation with service users and providers prior to inviting tenders or entering into negotiations with providers.

No significant deviation from this strategy is permitted unless a full report detailing the reasons for deviation, the impact and risks associated with the variation to policy and the outcomes expected has been received and approved by CBC.

This strategy shall be reviewed regularly alongside the Asset Management Strategy

and Business Plan.