

## Tenant and Leaseholder Services procurement:

- Kitchen and bathroom refurbishment contract
- Lift refurbishment at Invicta House

<b>Meeting</b>	20 October 2022
<b>Report Author</b>	Sally Osullivan (Tenant and Leaseholder Services Manager)
<b>Portfolio Holder</b>	Cllr Jill Bayford, Cabinet Member for Housing & Community Services
<b>Status</b>	For Decision
<b>Classification:</b>	Unrestricted
<b>Key Decision</b>	Yes
<b>Reasons for Key</b>	<p>An Executive Decision that involves incurring expenditure anticipated to be £250,000 or above. And</p> <p>An Executive Decision where the Council is entering into contract with a value, over their duration of £750,000 or above</p>
<b>Ward:</b>	All

### Executive Summary:

This report seeks authority for the council to enter into two new contracts for works in relation to its housing stock. The contracts are as follows:

1. The refurbishment of the two passenger lifts that service our high rise block, Invicta House in Margate. The value of this contract is expected to be £315,000, thus exceeds £250,000.
2. Kitchen and Bathroom Refurbishment programme Contract for council owned homes. The value of this long term contract will exceed £750,000.

### Recommendation(s):

Cabinet is asked to authorise the following:

1. The letting of the contract for the refurbishment of the two passenger lifts at Invicta House, Margate.
2. The letting of the long term contract for Kitchen and Bathroom Refurbishment Contract of council owned properties, using a framework as a vehicle for procurement.

## **Corporate Implications**

### **Financial and Value for Money**

Housing Revenue Account (HRA) capital budgets are reviewed annually. They include provision for improvements to assets that have reached the end of their expected life cycle; and will improve the facilities for residents of Council owned properties

There is sufficient funding within the approved HRA capital budget to fund the capital costs set out in this report.

Detailed budgets will be reviewed and amended in line with the actual tendered costs of these works at the earliest opportunity.

### **Legal**

The council, as a landlord of residential buildings, has a statutory responsibility to ensure that they are properly maintained and meet the decent homes standards.

### **Risk Management**

The risk of not letting these contracts would be the following:

#### Kitchen and bathroom replacement programme

Where kitchens and bathrooms in Council owned properties are at the end of their lifecycle, there is more chance that they do not meet the decent homes standard. This opens the Council to risk of complaints and disrepair challenges, which carry financial and reputational risk.

This contract allows for proactive management of this issue and gives adequate resourcing to the replacement of kitchens and bathrooms, that is not available in our day to day repairs contract.

#### Lift refurbishment for Invicta House

We are aware of £70,000 worth of repairs required for the passenger lifts in this block, along with multiple breakdowns and coming to the end of the life cycle. The risk of not letting this contract is financial and reputational. We will spend more on ad hoc repairs and our residents experience dissatisfaction as the lift breaks down more regularly.

There is a health and safety risk to our residents who cannot exit the building without the lift or who may become a victim of entrapment in the lift.

### **Corporate**

The council's Corporate Statement sets out its commitment to, 'Improve standards and safety in homes across all tenures.

## **Equality Act 2010 & Public Sector Equality Duty**

*Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.*

*Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.*

This report relates to the following aim of the equality duty: -

- *To advance equality of opportunity between people who share a protected characteristic and people who do not share it*
- *To foster good relations between people who share a protected characteristic and people who do not share it.*

The council's tenants and leaseholders include residents that have protected characteristics as set out in the Public Sector Equality Duty.

The completion of the works set out in this report will benefit all tenants including those with protected characteristics.

The letting of these contracts seeks to refurbish kitchens and bathrooms and the passenger lifts at Invicta House in a way that would not discriminate against any tenant benefitting from this service, ensuring equality in access and delivery.

The specification for the contract will be subject to an internal EIA undertaken by the TLS EIA panel once the specifications are prepared and prior to procurement.

## **Corporate Priorities**

This report relates to the following corporate priorities: -

- *Communities*

### **1.0 Introduction and Background**

1.1 The council owns approximately 3,078 tenanted homes. All costs, investment and income for these homes is managed with the council's Housing Revenue Account, and budgets for revenue and capital works are reviewed annually.

1.2 In addition to the annual review of revenue and capital budgets, key decisions are also required for any expenditure that:

- is for works or services that exceed £250,000, and

- is for a contract over a number of years with an expected value in excess of £750,000.

1.3 The letting of the contracts detailed in this report are therefore considered to be key decisions.

## **2.0 Lift refurbishment - Invicta House, Margate, Kent**

2.1 Invicta House is a 15 Storey high rise block, with 89 flats, situated in Margate Ward. There are two passenger lifts, one serves the odd floors and one serves the even floors.

2.2 Both lifts have been plagued with breakdowns over the past year, due to the lifts coming to the end of their life cycle. This causes a lot of inconvenience for the residents and their visitors. And potentially health and safety issues for residents that cannot leave their floor without the use of an operating lift.

2.3 Where a passenger lift is experiencing more and more breakdowns, the occurrence of entrapment of a passenger also increases. This can be very distressing for the passenger/s that this happens to and is costly to the council and any emergency services that have been called to free the passenger/s (ie fire brigade)

2.4 The cost of maintenance is increasing as the frequency of breakdowns increases and the components required are becoming obsolete. We are aware of £70,000 of component replacement required that we are reluctant to carry out, in favour of a full refurbishment.

## **3.0 Procurement of the lift refurbishment at Invicta House**

3.1 It is proposed that the council procure a contract to carry out the lift refurbishment to both lifts at Invicta House.

3.2 The current pre-tender cost projection for the entire project is £315,000. There is a risk that the total value of this contract could come in at around £400,000 depending on inflation and the rising cost of materials. Our finance department is aware of this and the budget is available should we need it.

3.3 The procurement is proposed to be via open tender and will be evaluated upon the most economically advantageous tender (MEAT). The terms of the contract will be under the JCT Minor Works Building Contract with Contractor's design 2016.

3.4 The evaluation of tenders will include both quality and cost analysis so that the council can select the more economically advantageous submission.

## **4.0 Kitchen and bathroom refurbishment programme contract**

4.1 The kitchen and bathroom contract was let to DCB from 2014 - 2025. Sadly, DCB has gone into administration, meaning we need to procure a new contract ahead of the specified time.

- 4.2 We have a rolling programme for kitchen and bathroom refurbishments for HRA housing stock. This ensures we meet the decent homes standards, maintaining the condition of our property assets, which are our resident homes.
- 4.3 We propose to let the contract for 5 years, with the option to extend for an additional 24 months. The value of the contract is approximately £482,142.00 per annum, therefore a total value of £3,375,000.00.
- 4.3 Our approved budget forecast allows for a 2% increase per year CPI which will be reviewed further when the budget is presented for approval for 2023/24. Because of our current economic environment, there is a risk the contract value could increase by 10% - 20% due to inflation. We expect that we will not be able to hold costs for the duration of the contract, as we have done in the past, due to these uncertainties. We might have to accept a larger CPI annual increase and reassess budgetary values to factor in inflationary increases once the contract has been awarded.

## **5.0 Procurement of the Kitchen and bathroom refurbishment programme contract**

- 5.1 It is proposed that the council procure a contractor to progress our kitchen and bathroom refurbishment programme
- 5.2 Our preferred procurement strategy would be to hold a mini competition, using the South East Consortium (SEC) framework, with whom we enjoy membership.
- 5.3 We recommend this route to benefit from the time efficiency the method offers, in tendering and analysis of returns. The terms of the contract will be under the JCT Minor Works Building Contract with Contractor's design 2016.
- 5.4 The terms of the contract will be under the JCT Minor Works Building Contract with Contractor's design 2016.
- 5.5 The evaluation of tenders will use 'most economically advantageous tender' (MEAT) methodology; and will include both quality and cost analysis.

## **6.0 Next Steps**

- 6.1 Next actions will follow if approval is gained:
- To procure a contract to refurbish the two passenger lifts at Invicta House, Margate via an open tender using the Kent Business Portal.
  - To procure a long term contract to progress the Councils Kitchen and bathroom refurbishment programme for Council owned homes, using the SEC framework as a procurement vehicle.

Contact Officer: *Sally Osullivan (Tenant and Leaseholder Services Manager)*

Reporting to: *Bob Porter (Acting Corporate Director of Place)*

## **Corporate Consultation**

**Finance:**

**Legal:**