

Report to CABINET

Empty Homes Pilot Procurement Approval

Portfolio Holder:

Councillor Hannah Roberts, Cabinet Member for Housing and Planning

Officer Contact:

Emma Barton, Director of Economy

Report Author: Albert Margai, Principal Housing Market Intervention Officer
Ext. 6583

15th April 2019

Reason for Decision

To report on the outcome of the mini competition to procure contractors for the refurbishment of long-term empty properties and attain Cabinet's approval to appoint the successful contractors.

Executive Summary

The Council's Empty Homes Pilot scheme gained Cabinet approval in October 2018 and proceeded to conduct a mini competition, to procure suitable and reputable building contractors to refurbish the Council's long-term empty homes. The procurement exercise would deliver a framework consisting of the top 3 bidders who could take on the refurbishment projects subject to availability and capacity when required.

The procurement exercise was carried out in accordance with the Council's Contract Procurement Regulations (CPRs). The open tender inviting all qualifying organisations was advertised on the North-West procurement portal; the Chest. Tenderers were able to access the ITT documents via this portal, which included a detailed specification of the opportunity from Oldham Council.

Recommendations

Cabinet is asked to approve that:

1. Contracts for the refurbishment of long-term empty homes are awarded to the successful bidders
2. Contracts should be drawn up by the Council's Legal Department to enable Oldham Council to enter a contractual arrangement with the successful bidders

Empty Homes Pilot Procurement Approval

1 Background

- 1.1 In October 2018, the Cabinet approved for the Empty Homes pilot initiative to be rolled out across the borough. This subsequently kick-started a procurement exercise to tender the services of 3 refurbishment contractors who were capable of refurbishing the Councils private long-term empty properties.
- 1.2 An extensive piece of work was undertaken to compile accurate and sufficient tender documents to provide tenderers with a clear outline of the product specification and the project's acceptance criteria.

2 Current Position

- 2.1 Following a successful tender and subsequent evaluation process, the Council is now ready to appoint contractors to the mini framework. In reaching this point, the Council conducted an open tender process inviting organisations to bid via the Chest; the Council's procurement portal. Organisations were able to access the invitation to tender (ITT) documents from 13 December 2018, when the tender officially opened, until its closing date on 21st January 2019. Taking into account reduced business activity from the Council and potential bidders alike, it was important to grant bidders sufficient time to review the tender documents and submit a suitable bid. Hence, an open tender for just under 6 weeks was appropriate for this exercise.
- 2.2 The evaluation began on 23 January 2019, over the ensuing 3 weeks members of the panel independently combed through the responses, assigning a score to each one. All bids were assessed against a set weighted criteria (as shown below), in a quest to maintain clarity, impartiality and achieve Best Value for the project.

Assessment Criteria	Weighting
Pricing	50%
Technical Capacity	45%
Social Value	5%

- 2.3 The three weighted criteria are explained below:
- **Pricing:** The pricing assessment was weighted the heaviest due to the importance of remaining within the budgetary limits of the project. It was decided the most effective and accurate way of enticing this information, and minimise future arbitration from inflated rates was to develop a pricing schedule (schedule of rates) for bidders to cost up. Bidders were obligate to adhere to their rates for duration of the contract term while they were part of the mini framework. The schedule included a range of building and construction activities associated with an expansive refurbishment project.
 - **Technical Capacity:** This criterion required tenderers to demonstrate their experience of executing similar contracts and refurbishment work. Questions were designed to tease out bidders' staffing compliment, competence and a qualifications of staffing that would be deployed onto the project. Consequently, this information would provide assurance to the Council that tenderers not only understood the specification but more importantly, previous experience would enable them to navigate around uncertainties without compromising any deliverables.
 - **Social Value:** There was concerted effort made to attract local contractors to this opportunity, in order to capitalise on the local tradesmanship, knowledge and social commitment. Engaging local trades people would undoubtedly deliver wider economic benefits to Oldham.

3 Options/Alternatives

3.1 The two options are:

3.2 Option 1 – Approve the appointment of the top 3 successful tenderers onto a mini framework, from which the Council can select an organisation to carry out refurbishments on empty homes

3.3 Option 2 – Do not approve the appointment of the top 3 tenderers and conduct another procurement exercise

4 Preferred Option

4.1 Option 1 is the preferred option, as it would overcome one of the main dependencies of the project and enable the project initiation stage.

4.2 Evaluation and Moderation

4.2.1 After 3 weeks of evaluating responses, the panel held a moderation meeting on 13 February 2019. The intended purpose of this meeting was to analyse the scores allocated to each bid by deliberating extensively through each response, to reach a consensus on each bidder.

5 Consultation

5.1 Portfolio Holder has been consulted and is supportive of the pilot scheme, including essential activities to overcome the project's dependencies such as; a full procurement exercise to appoint refurbishment contractors.

6 Financial Implications

6.1 A scheme and capital budget exists within the Housing Revenue Account (HRA) Capital Programme for Pilot schemes within the Private Rented Sector. This is phased and financed as follows:

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	TOTAL £'000
HRA	200.0	200.0	200.0	200.0	800.0
Homes England Grant	144.0	144.0	144.0	144.0	576.0
TOTAL	344.0	344.0	344.0	344.0	1,376.0

6.2 The works to the individual properties will be let via the mini framework up to the amounts above and will be managed within the approved resources and Grants available on a year by year basis. (David Leach / John Hoskins)

7 Legal Services Comments

7.1 The Council has openly tendered the opportunity encouraging potential bidders by allowing the tendering process to be done over a 6 week period. The procurement process has been successful with 6 bidders. A thorough evaluation process has taken place which was conducted over a 3 week period. The evaluation team has selected the most suitable partner based primarily (50%) on economic viability, but also technical capability (45%) and social value (5%). (Alex Bougatef)

8. **Co-operative Agenda**

- 8.1 Appointment of the successful bidders would overcome a major dependency of the project and ensure the project progresses towards all three of Oldham Council's agendas; in particular an Inclusive Economy and Thriving Communities.

9 **Human Resources Comments**

- 9.1 None

10 **Risk Assessments**

- 10.1 A risk register is kept to identify potential risks along with a robust approach to mitigate all risk. Current potential risk identified is in relation to data that would be shared with contractors. Work is on-going with Council Tax Department and Information Governance to ensure the relevant data sharing agreements are in place, underpinned by robust processes that would mitigate identified risks. (Mark Stenson)

11 **IT Implications**

- 11.1 None

12 **Property Implications**

- 12.1 None

13 **Procurement Implications**

- 13.1 As outlined in 2.2 a procurement process was undertaken in accordance with the Council's Contract Procedure Rules and the Public Contract Regulations 2015. The route to market was an Open Tender exercise.

- 13.2 The detail of the procurement process is outlined in Section 2 of this report. (Mohammad Sharif)

14 **Environmental and Health & Safety Implications**

- 14.1 None

15 **Equality, community cohesion and crime implications**

- 15.1 None

16 **Equality Impact Assessment Completed?**

- 16.1 Yes. An Equality Impact Assessment (EIA) was completed as part of the approved cabinet report in October 2018.

17 **Key Decision**

- 17.1 Yes.

18 **Key Decision Reference**

- 18.1 An exemption from publication in accordance with Rule 16 of the Constitution has been sought from and agreed by the Chair of the Overview and Scrutiny Board.
-

19 **Background Papers**

19.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: 01

Name of File: Empty Homes Report

Records held in: Strategic Housing, Economy, Skill and Neighborhoods, Civic Centre, Room 310

Officer Name: Albert Margai

Contact No: 0161 770 6583
