
REPORT TO: HOUSING AND COMMUNITY SERVICES COMMITTEE

AGENDA ITEM: 15

DATE OF MEETING: 23 NOVEMBER 2006

CATEGORY: DELEGATED

REPORT FROM: DIRECTOR OF COMMUNITY SERVICES

OPEN PARAGRAPH NO:

MEMBERS' CONTACT POINT: LEE CARTER (EXT 5957)

DOC:

SUBJECT: PROCUREMENT STRATEGY FOR THE GAS SERVICING / MAINTENANCE CONTRACT & BATHROOM REPLACEMENT CONTRACT

REF: GAC u:/ reports / procurement strategy gas & bathrooms.doc

WARD(S) AFFECTED: ALL

TERMS OF REFERENCE: HCS01

1.0 Recommendations

- 1.1 To undertake the advertising and tendering of the Bathroom Replacement contract for the 2007/2008 financial year in line with European procurement procedures with a view to entering into a long-term partnering agreement based on satisfactory performance of the successful tenderer.
- 1.2 To extend the current Gas Servicing & Maintenance Contract with Gas Care (Derby) Limited, for an additional two years.

2.0 Purpose of Report

- 2.1 To obtain Members' approval to advertise and tender a three-year bathroom replacement partnering contract, with the option of a long-term extension based upon satisfactory performance.
- 2.2 To obtain Members' approval to negotiate and extend the current Gas servicing & Maintenance Contract in-line with the agreed contract documentation.

3.0 Detail

- 3.1 The Housing Service is in the process of preparing a Procurement Strategy for all of the Improvement Contracts that form the Decent Homes Programme and related servicing programmes. The full Strategy is expected to be presented to the February meeting, but in the meantime, approval is required to tender for a Bathroom Replacement Contract and to extend the current Gas Servicing & Maintenance Contract.
- 3.2 The Council has been undertaking bathroom replacements since the 2003 / 2004 financial year, which has subsequently reduced the number of non-decent dwellings and will contribute towards the Council meeting the Decent Homes Standard by 2010. To ensure this continues and to comply with European procurement legislation

the Bathroom Replacement Contract will require re-tendering before the 2007 / 2008 financial year.

- 3.3 To implement Egan principles and Best Value procurement techniques, it is essential that we enter into longer term partnering contracts with contractors who we trust, who have a successful track record of high performance and service delivery, and we can work with to continually improve the service delivery to our customers.
- 3.4 Partnering is a management approach used by two or more organisations to achieve business objectives by maximising the effectiveness of each participant, with the approach being based on trust, good working relationships and an active search for continuous improvement.
- 3.5 The Gas Servicing & Maintenance Contract was tendered in 2004 for a three year period and awarded to Gas Care (Derby) Limited. The Contract included a clause that allows an option to extend the contract for a further 2 years (Appendix 1). The contractor has to-date performed well and the general level of customer satisfaction has been extremely high with very few complaints over a significant workload. It is considered that extending the current contract provides best value, efficiency savings and continuity of service.

4.0 Financial Implications

- 4.1 Once the long-term agreement for Bathroom Replacement contract is in place it is anticipated that there will be a reduction in the contract documentation production requirements leading to further efficiency savings.
- 4.2 In terms of the Gas Servicing & Maintenance Contract national tender prices have risen by 15.6% over the previous three years (source: Building Cost Indices Service), but the negotiated increases on the current contract have kept local increases to 7.5% over the same period.
- 4.3 There are no foreseeable financial implications to the MRA or HRA budgets, although the on-going works to achieve Decent Homes Standards will require reviewing annually to ensure that the budgets are set appropriately.

5.0 Corporate Implications

- 5.1 The tender will be in-line with current corporate procedures & E.U procedures. It is also proposed to use E-procurement for the securing of this contract, which will result in Housing being a procurement leader within the Council.

6.0 Community Implications

- 6.1 The proposal for the Bathroom Contract will assist with the delivery of the Decent Homes Standards to be met by 2010.
- 6.2 The extension of the Gas Servicing & Maintenance Contract will ensure that the Council's stock will remain safe for its tenants with regards to gas appliances and that the appliances remain in a good state of repair.