

**CABINET**  
**26TH OCTOBER 2018**

**MODERNISATION OF COUNCIL HOMES 2018 - 2023**

**Cabinet Member:** Cllr Ray Stanley  
**Responsible Officer:** Andrew Pritchard, Director of Operations

**Reason for Report:** To advise Members on the results of the procurement of the contract for the Modernisation of Council Homes 2018 -2023

**RECOMMENDATION:** It is recommended that a contract be awarded to Supplier 3 for a period of 3 years with the option to extend for a further 1 + 1 years.

**Relationship to Corporate Plan:** To contribute towards meeting the Decent and Affordable Homes target by making best use of the existing stock.

**Financial Implications:** An HRA budgetary provision has been made to undertake this work to the sum of £100,000 for the first year (2018/19) and £400,000 per year for the next 4 years. Although the successful tender exceeds this by £120,000 over the five years, it is based on a Schedule of Rates that can be managed to ensure the budget is not exceeded.

**Legal Implications:** We have a legal duty to maintain the stock and meet the Decent Homes Standard. The conditions of engagement are based on a JCT Intermediate Building Contract with Contractors Design 2011, combined with the contractual requirements. This provides a robust framework for managing and controlling the performance of the contractor to meet our legal obligations.

**Risk Assessment:** The principal risk is failing to limit costs due to additional works and delivery of the programme. The performance of the contract will be monitored monthly and corrective action will be taken where performance falls below Key Performance Indicator Targets. These include:

- 1) Variations and extras
- 2) Delivery of programme
- 3) Cost
- 4) Number of defects
- 5) Managing Health & Safety

If the contractor fails to meet the performance targets the contract can be determined, and the two additional one year extensions are not a contractual right.

**Equality Impact:** No equality issues identified for this report.

## **1.0 INTRODUCTION**

1.1 MDDC is committed to providing a modernisation programme to the Council's homes with the aim of meeting the Decent Homes Standard.

## **2.0 BACKGROUND**

2.1 MDDC has a requirement for the replacement of kitchens and bathrooms, including the upgrading of the electrical circuits to its homes, throughout the district.

## **3.0 THE PROCUREMENT PROCESS**

3.1 The procurement was conducted using an Open Procedure under the Public Contract Regulations 2015.

3.2 The Council's intention is to let a contract for 3 years with the option to extend for a further 1 + 1 years.

## **4.0 TENDER STAGE**

4.1 The opportunity was advertised in Contracts Finder on 3rd August 2018.

4.2 Tender documents were made available immediately via the e-tendering portal 'Supplying the South West' and interested suppliers were required to express their interest and submit initial bids by Midday 22nd August 2018.

4.3 A total of 4 submissions were received within the required timescale. 1 supplier failed to submit by the deadline. 9 suppliers opted out and 10 did not respond.

## **5.0 SUMMARY OF TENDER EVALUATION**

### **5.1 Evaluation Criteria and Weightings**

5.2 The award criteria contained a mix of quality and commercial considerations. Any contract will be awarded on the basis of the most economically advantageous tender.

5.3 The high level award criteria and weightings used for this procurement are set out below:

- Quality 60%
  - Process Plan / Method Statement 15%
  - Resident Liaison 15%
  - Mobilisation Plans 10%
  - Risk Management 10%
  - Customer Satisfaction 10%
- Price 40%

## 5.2 Scoring Methodology

5.2.1 The scoring methodology used to evaluate the quality criteria was:

|          |                        |   |                           |
|----------|------------------------|---|---------------------------|
| Score 0  | No response            | No response   |                           |
| Score 1  | Extremely Weak         | Very poor proposal/ response; does not cover the associated requirements, major deficiencies in thinking or detail, significant detail missing, unrealistic or impossible to implement and manage   | <b>Weak</b>               |
| Score 2  | Very Weak              | Poor proposals/ response; only partially covers the requirements, deficiencies in thinking or detail apparent, difficult to implement and manage  |                           |
| Score 3  | Weak                   | Mediocre proposal/ response, moderate coverage of the requirements, minor deficiencies in either thinking or detail, problematic to implement and manage  |                           |
| Score 4  | Fair- Below Average    | Proposal/ response partially satisfies the requirements, with small deficiencies apparent, needs some work to fully understand it   | <b>Fair - Good</b>        |
| Score 5  | Fair – Average         | Satisfactory proposal/ response, would work to deliver all of the Authority’s requirements to the minimum level   |                           |
| Score 6  | Fair – Above Average   | Satisfactory proposal/ response, would work to deliver all of the Authority’s requirements to the minimum level with some evidence of where the Applicant could exceed the minimum requirements     |                           |
| Score 7  | Good                   | Good proposal/ responses that convinces the Authority of its suitability, response slightly exceeds the minimum requirements with a reasonable level of detail                                      |                           |
| Score 8  | Strong                 | Robust proposal/ response, exceeds minimum requirements, including a level of detail or evidence of original thinking which adds value to the bid and provides a great deal of detail               | <b>Strong - Excellent</b> |
| Score 9  | Very Strong            | Proposal/ response well in excess of expectations, with a comprehensive level of detail given including a full description of techniques and measurements employed                                  |                           |
| Score 10 | Outstanding/ Excellent | Fully thought through proposal/ response, which is innovative and provides the reader with confidence of the suitability of the approach to be adopted due to the complete level of detail provided |                           |

5.2.2 The scoring methodology used to evaluate price was:

Lowest price submitted from all Quotes receives maximum % score. Other Applicants prices are scored in accordance with the following equation:

$$\% \text{ Score} = \frac{\text{Lowest Tendered price} \times \text{weighting (40\%)}}{\text{Tenderer's price}}$$

### 5.3 Pricing

5.3.1 A breakdown of the pricing has been set out in the confidential Part II report which accompanies this report.

### 5.4 Scores and ranking

5.4.1 Evaluation was conducted by members of Planned Maintenance and Procurement

5.4.2 The summary scores have been set out below:

| List of Tenderers    |                  | Supplier 1            | Supplier 2            | Supplier 3            | Supplier 4            |
|----------------------|------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Deliverables</b>  | <b>Weighting</b> | <b>Weighted Score</b> | <b>Weighted Score</b> | <b>Weighted Score</b> | <b>Weighted Score</b> |
| <b>Total Price</b>   | <b>40%</b>       | <b>29%</b>            | <b>27%</b>            | <b>40%</b>            | <b>39%</b>            |
| <b>Total Quality</b> | <b>60%</b>       | <b>42%</b>            | <b>18%</b>            | <b>48%</b>            | <b>40%</b>            |
| <b>Grand Total</b>   | <b>100%</b>      | <b>71%</b>            | <b>45%</b>            | <b>88%</b>            | <b>79%</b>            |
| <b>Rank</b>          |                  | <b>3</b>              | <b>4</b>              | <b>1</b>              | <b>2</b>              |

5.4.3 A detailed breakdown of the scoring has been set out in the confidential Part 2 report which accompanies this report.

## 6.0 CONCLUSION

The outcome of the tender process shows **Supplier 3** as the winning bidder. Approval is required from Cabinet for this contract to be formally awarded. Following the decision, there will be a compulsory 10 day standstill period after which the contract will be awarded (subject to legal due diligence). It is envisaged that the contract will start on 10<sup>th</sup> November 2018, 1 month from Contract Award.

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| <b>Contact for more Information:</b> | Alex Rampe - Surveyor<br>Rebecca Addis - Procurement & Contracts Officer |
| <b>Background papers:</b>            | None   |
| <b>File reference:</b>               | None   |
| <b>Circulation of the Report:</b>    | Cabinet  |