



## **CABINET – 17TH FEBRUARY 2016**

**SUBJECT: WHQS EXTERNAL WORKS FOR UPPER PENLLWYN AND  
SPRINGFIELD ESTATES**

**REPORT BY: CORPORATE DIRECTOR - COMMUNITIES**

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### **1. PURPOSE OF REPORT**

- 1.1 To propose a single contract approach for each estate in view of the current limitations of the small lots contractor list and the scale of the works based on the pre-tender estimates.

### **2. SUMMARY**

- 2.1 The Upper Penllwyn and Springfield estates form part of the external works programme for 2015/16 which is being undertaken through the small lots contract arrangements. A recent report to Cabinet agreed some changes for this part of the WHQS Programme from 2016/17 onwards. However this does not address difficulties being encountered within the current financial year, with a limited number of contractors tendering for work and with other small lots contracts being tendered there is a risk that the contractor list will be exhausted. Furthermore the pre-tender estimates for the 2 estates exceed the maximum threshold for a small lot contract which would require the work to be broken down into multiple contracts. This is not cost effective and will increase management requirements at a time when staff resources are stretched. It is therefore proposed that a separate procurement is undertaken to enable each estate to be taken forward as a single contract. This should not be seen as setting a precedent but is to deal with a particular set of circumstances and is therefore specific for these two estates.

### **3. LINKS TO STRATEGY**

- 3.1 The Welsh Housing Quality Standard is intended to ensure that all local authority and housing association homes are improved and maintained to achieve specified standards. It is a Welsh Government requirement that WHQS is achieved by 2020.
- 3.2 The Single Integrated Plan 2013-2017 has a priority to “improve standards of housing and communities, giving appropriate access to services across the County Borough”.
- 3.3 The Council’s Local Housing Strategy “People, Property and Places” has the following aim:-  
“To provide good quality, well managed houses in communities where people want to live, and offer people housing choices which meet their needs and aspirations”.

### **4. THE REPORT**

- 4.1 The recent report to Cabinet outlined a number of problems that are being encountered with the small lots programme and in particular the proliferation in the number of contracts and the

resource implications for procurement, contract preparation and management. The report set out changes for the remainder of the 16/17 – 19/20 period.

- 4.2 During the course of implementing the current financial year small lots programme new problems have emerged. The Project Board was concerned about cost escalation and the specification for external works was reviewed. This led to a requirement to re-survey a number of estates which has delayed the development of some of the contract packages. As the year has progressed further difficulties have arisen with limited tender returns and contractors declining work at award stage. With other small lots currently out to tender there is a risk that the contractor list will be exhausted.
- 4.3 The Savills cost plan estimate for external works on the Upper Penllwyn estate was £354,648. Based on the figure it was envisaged the work could easily be phased to fit within the value bands established for the small lots. However following re-survey of the estate utilising the revised specification agreed by the Project Board the new estimate for the work is £1.7m. The surveys have identified there is significant window renewal work that is required.
- 4.4 The Savills cost plan estimate for external work on the Springfield estate was £312,023. The re-survey of the estate utilising the revised specification agreed by the Project Board has resulted in a new estimate for the work of £800,000.
- 4.5 Since January 2016 the maximum value of any small lot cannot exceed £785,530. The current arrangements enable contracts to be awarded within three value bands (£50,000-£200,000; £200,001 - £400,000; £400,001 - £785,530).
- 4.6 There is currently very limited availability of contractors within these bands due to them either already being awarded works contracts and are of insufficient size to undertake more work simultaneously, have turned down contracts, have not priced tenders due to sufficient alternate work within the market place or have withdrawn from the process for various reasons.
- 4.7 The effects of splitting the contracts are as follows:-
- Problems fitting areas into framework bands; this could mean we have several contractors working in adjacent streets from each other leading to possible conflicts and confusion on site.
  - Existing contracts have taken up a number of contractors from within the bands of the small lots provision. This has led to limited contractor availability for remaining 15/16 contracts.
  - If 2015/16 works are delayed to the year 2016/17 this may affect the award of small lot contracts planned for the year 2016/17.
  - To manage the 2 estates within the small lots arrangements will necessitate a minimum further 5 contracts.
  - Contracts are unlikely to be awarded simultaneously resulting in different contract periods, likely to lead to higher contract costs due to increased prelim cost and contractor costs.
  - There will be additional contract administration that will impact on:-
    - Contract Administrator
    - Quantity Surveyor
    - Clerk of Works
    - TLO
  - Additional work for procurement for the tendering of multiple contracts.

4.8 Proceeding on the basis of a single contract for each estate is likely to produce a more cost effective outcome with less pressure on staff resources. Some of the benefits that could be achieved from this single tender approach are:-

- Overall less time on site for contractors.
- Two sets of prelim costs and not several.
- Two contractor costs and not several which can differ significantly from contractor to contractor. This has already been experienced with the small lots.
- Less Contract Management resources.
- Less Procurement resources.

## **5. EQUALITIES IMPLICATIONS**

5.1 An EqlA screening has been completed in accordance with the Council's Equalities Consultation and Monitoring Guidance and no potential for unlawful discrimination and the lower level or minor negative impact have been identified, therefore a full EqlA has not been carried out.

## **6. FINANCIAL IMPLICATIONS**

6.1 The surveys for external works on the Upper Penllwyn and Springfield estates based on the revised specification agreed by the Project Board following concerns about cost escalation has still resulted in pre-tender estimates above the Savills cost plan. The revised specification delivers external works that are considered essential to meet WHQS. The approach advocated in this report to have single contracts is likely to result in the most cost effective approach in respect of producing competitive tenders and limiting internal costs.

## **7. PERSONNEL IMPLICATIONS**

7.1 The proposed approach will place the least additional strain on staff resources within Procurement and WHQS team as a result of a single procurement and one contract for the Upper Penllwyn and Springfield estates, i.e. the single procurement will have 2 lots.

## **8. CONSULTATIONS**

8.1 Comments received have been incorporated within the report.

## **9. RECOMMENDATIONS**

9.1 The external works for the Upper Penllwyn and Springfield estates are the subject of a separate single procurement based on 2 lots to award one contract for each estate.

## **10. REASONS FOR THE RECOMMENDATIONS**

10.1 To adopt a pragmatic solution to the range of issues outlined in the report.

## 11. STATUTORY POWER

11.1 Housing Acts 1985, 1996, 2004, 2014. This is a Cabinet function.

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