



CAERPHILLY HOMES TASK GROUP – 19TH FEBRUARY 2015

SUBJECT: PROCUREMENT UPDATE REPORT

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to provide a procurement update to the CHTG on the current position and delivery of Procurements in relation to the WHQS Programme.

2. SUMMARY

- 2.1 There is an extensive range of procurement activity associated with the WHQS Programme. The major contract arrangements are in place in accordance with the contract structure agreed in September 2012. There is ongoing activity associated with mini competitions and the small lots. Circumstances on the ground have also led to many ad hoc additional requirements and it is anticipated these will continue to be a feature as the programme is progressed to 2020.

3. LINKS TO STRATEGY

- 3.1 The Welsh Housing Quality Standard (WHQS) is intended to ensure that all local authority and housing association homes are improved and maintained to achieve specified standards.
- 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 Since our last report the number of Procurements has increased significantly. The Procurement activity has now been centralised within the corporate procurement function as per the recommendations of the CGI report (2013). A schedule of the current WHQS Procurements is attached as **Appendix 1**. To date 127 contracts/frameworks/mini competitions and small lots have been successfully awarded. In the region of 29 contracts/frameworks/mini competitions are currently progressing.
- 4.2 The main anchor contracts for the programme being the Supply Partner, Internal and External Works Contracts, DLO Sub Contractor Framework and the Small Lots have now all been awarded.

4.3 These contracts are in various stages of implementation.

4.3.1 The Supply Partner

The Supply Partner has now been fully operational for over 12 months. The contract is working well, with positive results in terms of development of the local supply chain and innovative working practices for the Authority. Officers will be continuing the partnering approach within the coming months to drive innovation and efficiencies for the Authority.

4.3.2 DLO Sub Contractor Framework Agreement

This Framework has been fully operational since September 2013.

To date 113 mini competition processes have been undertaken from the framework agreement. The Framework is functioning well with a limited number (3) of processes which have resulted in no competition due to specification issues. The remainder of successful processes have resulted in increased discount rates being achieved, which demonstrates value for money to the Authority.

Out of the 110 completed, 106 were awarded to local SME's of which 58 of these were based within the Caerphilly Borough.

This evidences that the work issued to date has resulted in 96.37% being awarded to local SME's and 52.73% to contractors based within the Caerphilly Borough.

4.3.3 WHQS Internal Works Contract

The Internal Labour and Materials arrangement was awarded on 01 July 2014. Pre contract meetings have been undertaken with all three contractors accepted onto the contract as follows:

Lot 1 - Eastern Valley - Keepmoat Regeneration

Lot 2 - Upper Rhymney Valley – Vinci Facilities

Lot 3 - Lower Rhymney Valley – Contract Services (South Wales) Ltd

All three contractors have commenced work within their respective areas and Officers from within the WHQS team are currently managing the contractor's performance moving forward.

4.3.4 WHQS External Works Framework Agreement

The External Labour and Materials Framework Agreement will commence on the 01 February 2015. Contract Award letters issued 22nd January 2015.

12 Contractors have been accepted onto each lot of the framework, which has been awarded as follows:

Lot 1 – Works Packages below £750,000.00

Lot 2 – Works Packages above £750,000.00

The Contractors awarded on the Framework are a mixture of SME's and National Companies, however, Lot 2 includes a collaborative bid from Allied Construction Consortium Ltd. The Consortium comprising of 4 individual entities who have come together to form a new Company. The Company submitted their bid following extensive advice and guidance from the Authority's Supplier Relationship Officer and Wales Co-Operative, the bid is thought to be one of the first consortium bids to be accepted in line with the Value Wales Joint Bidding Guide. 3 of the 4 Members of the Consortium are Caerphilly based businesses.

4.3.5 Small Lots Packages of Works

The principles of establishing a Small Lot Contractor List (2014/15) was conducted in line with EU Regulations. The first Small Lot Contractor List (2014/15) has been in operation for 12 months. In order to qualify for the Small Lot Contractor List Contractors were required to have a branch office and location of work within the borough.

5 packages of work have been let off the Small Lot Contractor List (2014/15) with a further 4 to be awarded by the second week of February 2015.

5. EQUALITIES IMPLICATIONS

- 5.1 This is an information report therefore there are no potential equality implications and no requirement to complete the Equalities Impact Questionnaire.

6. FINANCIAL IMPLICATIONS

- 6.1 All the contract arrangements are funded through the financial provisions within the Housing Review Account for the WHQS Programme.

7. PERSONNEL IMPLICATIONS

- 7.1 There are no personnel implications contained within the report.

8. RECOMMENDATIONS

- 8.1 It is recommended that the content of the report be noted.

9. REASON FOR RECOMMENDATION

- 9.1 To meet the request of the Caerphilly Homes Task Group to be updated on WHQS procurements.

10. STATUTORY POWER

- 10.1 Housing Acts 1985, 1996, 2004.

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Appendices:

Appendix 1: WHQS Progress Report – Procurement Progress Report