

## READING BOROUGH COUNCIL

### REPORT BY EXECUTIVE DIRECTOR OF ECONOMIC GROWTH & NEIGHBOURHOOD SERVICES

<b>TO:</b>	<b>POLICY COMMITTEE</b>		
<b>DATE:</b>	<b>24 AUGUST 2020</b>		
<b>TITLE:</b>	<b>CONTRACT AWARD - EXTERNAL AND COMMUNAL MAINTENANCE CONTRACT 2020-2027</b>		
<b>LEAD COUNCILLOR:</b>	<b>COUNCILLOR ENNIS</b>	<b>PORTFOLIO:</b>	<b>HOUSING</b>
<b>SERVICE:</b>	<b>ECONOMIC GROWTH &amp; NEIGHBOURHOOD</b>	<b>WARDS:</b>	<b>BOROUGHWIDE</b>
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#### 1. PURPOSE OF THE REPORT AND EXECUTIVE SUMMARY

- 1.1 The report seeks approval for the award of a 'works' contract for the provision of repairs and decorations to the external and communal elements of housing blocks containing both Council flats and leaseholders.
- 1.2 The contract will be awarded to one contractor. No volume of expenditure is guaranteed under these contracts as annual expenditure will depend on the actual level of work that is required. Based on expenditure records, the total expenditure is estimated to be circa £560k per annum for both external and communal works, to include the replacement of communal flooring.

#### 2. RECOMMENDED ACTION

- 2.1 That Policy Committee delegate authority to the Director of Economic Growth and Neighbourhood Services in consultation with the Lead Councillor for Housing, to award a Works Contract for the External and Communal Maintenance Contract for a period of 5 years with a 2-year extension.

#### 3. WORKS CONTRACTS FOR WORKS TO COUNCIL HOUSING STOCK

- 3.1 Housing Property Services propose to invite tenders for a works contract covering external and communal repairs and decorations.
- 3.2 Reading Borough Council's Housing Property Services manage the day to day repairs, planned maintenance and voids repair works to approximately 5,600 Council properties which are let throughout the borough. Elements of this work are sometimes sub-contracted out using works contracts where there are Leaseholders. Under the Commonhold and Leasehold Reform Act 2002, we are required to obtain quotations for anything over £250 per property.
- 3.3 Reading Borough Council through its Housing Property Services Team currently delivers the non-leasehold works for this project. In each case the ability to carry out the work covered in this contract using existing resources or direct employment

of operatives to carry out the work has been examined and found to be uneconomical due to level of spend or the capacity/specialist skills not available internally. Therefore, it is more efficient and cost effective for the service to sub-contract work in this way.

- 3.4 The current arrangement is to re-tender these works each year which includes two consultation periods of 28 days. This delays the commencement of the contract with works starting on site in the mid-summer months. By having a longer-term contract in place, it would eliminate the first part of the consultation period each year and create an improved working partnership with the winning contractor (see 6.1)

#### **4. CONTRIBUTION TO STRATEGIC AIMS**

- 4.1 The contract will support the achievement of the Council's strategic aim of 'Improving access to decent housing to meet local needs' by using a cost-effective means of delivering improvements to the Council's Housing Stock.

#### **5. ENVIRONMENTAL AND CLIMATE IMPLICATIONS**

- 5.1 The option to have a longer-term contract will help aid the Council's target to reduce their carbon footprint by working in partnership with the contractor. Over the course of the contract we will work together to determine ways of using recyclable materials for medium-large repairs and help to support manufacturers that embrace 'green' practices in doing so.

- 5.2 A contract of this scale and term will have a wide range of environmental and climate change implications. The tendering process will therefore highlight to the market the importance which the Council attaches to these considerations (see 8.2 below). As the process progresses, bidders will be required to demonstrate how they will:

- Minimise greenhouse gas emissions and contribute towards Reading's ambition to become a net zero carbon borough by 2030
- Minimise waste (through reuse, recycling and recovery), water and other natural resource usage in construction and operation
- Source environmentally and socially responsible materials
- Ensure sustainable transportation of labour and materials (e.g. through efficient logistics, use of electric vehicles)
- Protect and enhance biodiversity and deliver ecological benefits where possible

Appropriate criteria and measures, including from the national Themes, Outcomes & Measures (TOMs) Framework, will be applied during the tender process to ensure that these objectives are met.

#### **6. COMMUNITY ENGAGEMENT AND INFORMATION**

- 6.1 The current procedure for any works to leasehold properties is to have two 28 - day consultation periods. We are required to do this for each contract. By having a longer-term contract, it allows us to consult via a Qualifying Long- Term Agreement (QLTA). This means that all leaseholders within the Reading Borough will be consulted at the same time rather than spreading the consultations across each

financial year. Leaseholders would still be consulted on the cost of any work to their flat, in the year that they are programmed to have the work undertaken.

6.2 Reading Borough Council will still be able to recover all costs from leaseholders under this type of consultation. This is the full amount of the works plus VAT.

6.3 A selection of leaseholders will be invited to join the interview and tender selection process. This will give them the opportunity to ask questions and also have a better understanding of how we select contractors. There will also be the opportunity for them to join progress meetings throughout the contract and see the works in progress.

## **7. EQUALITY IMPACT ASSESSMENT**

7.1 A screening exercise has been carried out and it has been identified that a full EIA is not required.

7.2 It is intended as far as possible to ensure that the successful tenderers pay the living wage to all employees working on Reading Borough Council properties. Tenderers are advised that the Council's current Low Wage policy expects the payment of the Living Wage rate set independently by the Living Wage Foundation and updated annually in the first week of November each year. All providers appointed are expected to pay a living wage in accordance with this policy to all staff working on Reading Borough Council contracts. The UK Living Wage for employees outside of London is currently (April 2020) £9.30 per hour.

## **8. LEGAL IMPLICATIONS AND SOCIAL VALUE**

8.1 The Works Contract will be awarded using the Joint Contracts Tribunal Minor Works - 2016.

8.2 The successful tenderers will deliver improvements to the economic, social or environmental wellbeing to the local community of Reading. This could include such activities as:

### Economic

- Using local suppliers
- Social enterprises in delivery of contracts
- Apprenticeship schemes with employment progression- goals to reduce high (churn) turnover, not just a tick box scheme with no chance of permanent employment
- Volunteering and customer training
- Work experience opportunities, work placements/internships
- Environment consideration is part of the organisational strategy, embedded within the organisation and reduces the impact of the contract on the local environment.

### Social

- Supporting the local community
- Embedding social value through the whole supply chain
- Supporting ex-offenders to get back to work
- Assisting long term unemployment to gain employment
- Supporting charities and volunteering schemes

- Diversity of workforce promoting inclusion and equality across your supply chain, including equal pay

8.3 The successful tenderers will be expected to provide opportunities to local people and young people in particular, which may include employment, apprenticeships, training or work experience. The detail of the opportunities will be confirmed in the pre-contract meeting prior to award of contract and in partnership with Housing. The opportunities agreed will then form part of the contract. This should not be seen as a standalone initiative to employ trade apprentices for the short-term duration of the project but should demonstrate innovative measures to foster long-term delivery of localised Corporate Social Responsibility (CSR) Activity within future Reading Borough Council works programmes

## **9 FINANCIAL IMPLICATIONS**

9.1 No volume of expenditure is guaranteed under this contract as annual expenditure will depend on the actual level of work that is required. However, based on expenditure records, typically the total expenditure on Leasehold contracts is £560k per annum which means that the estimated contract value over the life of the contract (assumed to be 7 years) is approx. £3.9m. This is under the current Public Contract Regulations 2015 threshold for works contracts of £4.7m.

9.2 Works are undertaken on a rolling seven year programme and Leaseholders will be consulted prior to the works being undertaken in their relevant year. Leaseholders will be provided with an estimate of the recharge based on the tendered schedule of rates. On completion of the works a final invoice will be issued to the leaseholder and Reading will recover this sum. There will be no net cost to the council for the leasehold work.

9.3 The budget for this contract is included within the existing Housing Revenue Account repairs and maintenance budgets as agreed in the Council's annual budget setting process.

## **10.0 BACKGROUND PAPERS**

10.1 There are none.