



Policy and Resources Committee – 11 April 2011

Housing Contract

Purpose of report

This report seeks member approval for expenditure to enable the housing contract competitive dialogue procurement process to move forward.

Attachment(s)

Appendix 1 – Housing contract costs (**to follow**)

1.0 Background

- 1.1 The current housing contract is due to expire on 31 December 2011 and a procurement process has commenced to put in place provision for housing services beyond that point.
- 1.2 Members will recall that the project was discussed at this committee in November 2010 and January 2011 with the following key points agreed and progressed:
- Establishment of a working party
 - Agreement on the key service principles
 - Agreement on the appropriate procurement process (competitive dialogue).
- 1.3 Officers are currently moving forward with the process; however further member approval is required on two key issues due to the cost implications. These are
- 1) provision for extension of the current contract
 - 2) project support.

2.0 Provision for extension of the current contract

- 2.1 As set out at 1.1 above, the current contract expires on 31 December 2011. Legal advice sought by officers indicates that we should be able to award a new contract by that time, however as with any procurement exercise there is the possibility that the process may over-run. In addition, as both the service procured and the service provider may change as a result of the competitive dialogue procurement process, it is felt prudent to also allow for an element of hand-over and exit strategy implementation.
- 2.2 A number of services provided under the housing contract are statutory, and so it is important to ensure that we would still have a service in place should this happen. There is no further automatic extension provision within the current contract.
- 2.3 Officers have written to Spire Homes to ask whether they would be prepared to extend the contract to 31 June 2012 should this be needed and what the cost for this would be.
- 2.4 The costs quoted by Spire to extend the contract are set out in appendix 1.

3.0 Project Support

- 3.1 The project will be led by the Housing Strategy Manager; however this will be in addition to existing activities. This procurement process also coincides with a very busy period for the strategic housing team due to the government's ongoing reform of

social housing, and the requirement for us to update our Housing Strategy.

- 3.2 There is currently very little capacity within the council's other current staff to manage and run the competitive dialogue procurement process. The waste contract has shown the competitive dialogue process can produce important outcomes for the council but it does require significant support and management. A similar level of additional support is therefore required to support this process.
- 3.4 There are two main areas of support required:
- 1) Specialist / technical support
 - 2) General Project Support
- 3.5 Competitive dialogue is a highly complex process, and requires specialist procurement knowledge and experience to manage. Officers have met with a firm of solicitors who specialise in this subject, and who provided valuable assistance and advice throughout the competitive dialogue process for the waste contract.
- 3.6 They have provided a 'menu' of support options, with costs for each element depending on what level of support we want to engage. Officers have reviewed this to determine what specialist support is required and how much it would cost.
- 3.7 The costs for the required level of specialist support are set out in appendix 1.
- 3.8 We could opt for a lower level of support, however there is a risk that the project would then over-run, which would in turn incur greater costs through having to extend the contract.
- 3.9 In addition to this specialist support, some appropriate internal project support will also be required to help with managing meetings, preparing documents, etc.
- 3.10 Options for resourcing this requirement are being explored and further details will be provided verbally at the committee meeting. Approximate costs are included in the support figures in appendix 1.

4.0 Equality and Diversity Implications

- 4.1 An equality impact assessment will need to be carried out once the project has progressed further; for both the service specification and the Housing Allocation Policy.

5.0 Legal Implications

- 5.1 The procurement process falls under Public Contract Regulations 2006.

6.0 Risk Management

- 6.1 As with any procurement process, there will be a number of risks associated with the project. Officers are currently in the process of establishing these and an entry will be set up in the risk register.
- 6.2 The risks associated with the two key issues covered by this report are set out in the relevant sections above.

7.0 Financial Implications

- 7.1 There are financial implications associated with the recommendations at 9.0 below in respect of associated costs. These costs are detailed in appendix 1.
- 7.2 There is no provision in existing budgets for this expenditure.

7.3 The council's procurement rules allow us to extend the current contract with Spire Homes, stating that the following is acceptable:

“Extension of an existing services or works contract with the same supplier provided that:

- i) The circumstances for so doing were genuinely unforeseen;
- ii) Such works or services are not practically separable from the original contract, or are necessary for its completion;
- iii) The value of such an extension does not exceed 50% of the original contract value”

Points (ii) and (iii) automatically apply. In terms of point (i) officers are of the view that it was not possible to know that the contract may need extending until the preferred procurement process had been determined.

8.0 Corporate Outcomes

8.1 The delivery of an effective housing service relates to the following corporate outcomes:

- Good Quality of Life
- Good Value for Money
- High Quality Service Delivery
- Knowledge of Customers and Communities

9.0 Recommendation

9.1 The Committee is recommended to

- (1) Agree to an extension of the housing contract with Spire Homes, should it be needed, on the terms set out in appendix 1 from 31 December 2011 to 30 June 2012 at the latest.

(Reason – to ensure that East Northamptonshire Council has a housing service in place post 31 December 2011)

- (2) Agree to the expenditure set out in appendix 1, to cover the extension of the housing contract and the project support.

(Reason – to enable the chosen procurement process of competitive dialogue to continue)

Legal	Power: Housing Act 2002 Public Contracts Regulations 2006 ----- Other considerations:				
Background Papers: Committee papers and minutes – 8/11/10 & 17/01/11					
Person Originating Report: Cat Hartley, Housing Strategy Manager chartley@east-northamptonshire.gov.uk , 01832 742078					
Date: 21 March 2011					
CFO		MO		CX	

(Committee Report Normal Rev. 22)

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Appendix 1 – Costs Information

1. Contract Extension

Option 1 – Existing Service

Cost to increase contract to end June 2012 £40,000
(in addition to current contract price of £110,000 for 6 months)

Option 2 – Existing Service with no ET advertising

Cost to increase contract to end June 2012 £35,000
(in addition to current contract price of £110,000 for 6 months)

Cost to increase to end March 2012 are 50% of above costs.

2. Competitive Dialogue Technical Support

To provide technical advice and assistance in respect of the following key stages of the procurement process:

- Draft pre-qualification selection & award criteria and weightings
- Draft Pre-Qualification Questionnaire (PQQ)
- Draft notice
- Post notice
- Issue PQQs
- Draft Descriptive Document
- Determine tender selection & award criteria and weightings
- Initial contract preparation work
- Issue Descriptive Document and invitations to tender
- Issue invitations to attend dialogue meetings and Descriptive Document
- Final clarification on points with dialogue participants
- Issue invitations to submit final tenders
- Final contract draft
- Final selection of preferred bidder

Cost: up to £20,000

3. Internal support

To cover:

- Meeting administration – setting up, taking minutes, agreeing and circulating minutes.

- Assist with preparing documents – such as pre-qualification questionnaires, Descriptive Document.
- Co-ordination of key procurement stages – to include dialogue meetings and tender evaluation.

Time required estimated at 1 day per week for 4 months, and 2.5 days per week for 3 months.

Approximate cost: £ 5,850

Total Cost for items 1-3 above: up to £65,850