

Item No. 13.	Classification: Open	Date: 17 January 2023	Meeting Name: Cabinet
Report title:		Gateway 1 Procurement Strategy Approval Voids and Temporary Accommodation Voids Works for Contracts A, B C & D	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Darren Merrill, Council Homes and Homelessness	

FOREWORD - COUNCILLOR DARREN MERRILL, CABINET MEMBER FOR COUNCIL HOMES AND HOMELESSNESS

We have seen over the covid period an increase in the time it takes to bring forward voids, with an increased backlog of potential homes for our residents. We have also seen an increase use of temporary accommodation as the cost of living begins to bite.

It would be remiss of the council not to acknowledge that we have a moral duty to make sure that we do all we can to bring forward high quality, affordable homes as soon as possible.

Below details the reasons for going out to contract, consisting of 4 lots making it attractive to Local SME's to tender for over a 3 year period.

We also clearly state in recommendation 2 and 4 that the preferred option of an in-house voids service is required to be planned for within the 3 year period, with a clear plan for this being approved in the coming months.

Our ambition is to make sure that all voids within the council housing stock are brought forward, at a high quality in a reasonable time frame. Giving our resident the opportunity who are waiting for a great family home.

RECOMMENDATIONS

That cabinet:

- Approves the procurement strategy outlined in this report to undertake a restricted tender procedure for four voids and Temporary Accommodation voids contracts:
 - Contract A - Bermondsey, Rotherhithe and Borough and Bankside at an estimated annual cost of £2.95m
 - Contract B - Peckham and Nunhead at an estimated annual cost of £2.95m,
 - Contract C - Camberwell and Dulwich at an estimated annual cost of £2.95m and;
 - Contract D - Walworth and Temporary Accommodation Out of Southwark at an estimated annual cost of £2.95m

for a period of three years from September 2023 (£35.4m) with the option to extend up to a further two years (in increments at the council's sole discretion subject to performance) making an estimated total contract value of £59m.

2. Notes that Asset Management is required to prepare and present a detailed in-house strategy for the future services in the spring of 2023.
3. Notes that the procurement strategy in this report will result in bidders being required to bid as backup to each other on their tendered rates to ensure an efficient service delivery.
4. Notes that as the repairs improvement plan progresses and is embedded in a dedicated in-house voids team will be set up to deliver high quality voids by Southwark Repairs consisting of operatives and managers within three years as further detailed in paragraph 16.
5. Delegate's authority to the Strategic Director of Housing and Modernisation to approve the Gateway 2 report for four voids and Temporary Accommodation voids works contracts for the reasons outlined in paragraph 43 of this report.

BACKGROUND INFORMATION

6. On 1 October 2018 the building repairs and maintenance service was brought in-house and Southwark Repairs (previously Southwark Building Services) were issued the following work streams:
 - day to day repairs
 - out of hours emergency service
 - disrepair
 - general needs voids
 - temporary accommodation voids and
 - temporary accommodation repairs.
7. In order to meet service demands, the council procured five contracts to assist Southwark Repairs, as follows:
 - three contracts for the provision of general needs voids works for Traded Services with BCS (Electrical and Building) Services Ltd (Contract A), GC Construct Ltd (Contract B) and Sandersons Building Services Ltd (Contract C) and
 - two contracts for the provision of temporary accommodation voids works for Traded Services with BCS (Electrical and Building) Services Ltd (Contract A) and GC Construct Ltd (Contract B).
8. These contracts commenced on 2 September 2019 for an initial one year period with an expiry date of 1 September 2020.
9. On 7 April 2020, cabinet approved the 'Repairs Service Improvement Plan' which had a number of recommendations including: removing the client/contractor split; quarterly reporting on progress; and transferring Southwark Repairs (previously

Southwark Building Services) (a business unit within Tooley Street) from the Environment and Leisure directorate to the Housing and Modernisation directorate.

10. On 13 May 2020, as part of the transfer, asset management officers carried out a review of the Southwark Repairs supply chain and presented a report to the Strategic Director of Housing and Modernisation noting a number of risks one of which was that the five contracts were due to expire on 1 September 2020 leaving insufficient time available to re-procure and recommended that these contracts be extended. A 12 month extension was approved via two Gateway 3 reports dated 28 August 2020 giving an expiry date of 1 September 2021.
11. As the existing five contracts were due to expire on 1 September 2021, further extensions were sought and approved via four Gateway 3 reports dated 11 October 2021, 9 December 2021 and 30 April 2022 for both the general needs voids contract and the temporary accommodation voids contracts giving an expiry date of 31 July 2022. A further three month extension provision for the general needs voids and temporary accommodation voids contracts will be sought to ensure continuity of service up to 31 October 2022. When the procurement exercise is underway, a further eleven months extension provisions for the general needs voids and temporary accommodation voids contracts will be sought until the new contracts have been procured and are in place.
12. It is essential that Housing and Modernisation has arrangements in place to provide general needs voids and temporary accommodation voids works across the council's housing stock to ensure it can reduce homelessness and maximise rental income. The Covid-19 pandemic has resulted in a backlog of repairs that Southwark Repairs are actively working through and these proposed new voids contracts will allow Southwark Repairs to focus on front line services for tenants and also contain arrangements for Southwark Repairs to take voids back in-house as the improvement plan is progressed.
13. The proposed scope of works to all void properties will be:
 - repair and refurbishment works
 - compliance, safety checks and works
 - energy improvement measures
 - damp and mould treatments
 - decorative works
 - electrical and mechanical works and
 - back up to disrepair works when required to assist in peak demands.
14. The contracts will be awarded based on a geographical split of the borough as set out below, each providing all of the works with an initial term for each contract of three years with the option to extend for a further two years.
 - Contract A: Bermondsey, Rotherhithe and Borough & Bankside
 - Contract B: Peckham and Nunhead
 - Contract C: Camberwell and Dulwich
 - Contract D: Walworth and temporary accommodation Out of Southwark

15. It should be noted that given the nature of the works and the anticipated volume of orders across the borough, the appointment of a single contractor would not be appropriate. It is considered that such an arrangement would present a significant risk to the council should that contractor default or fail to perform or suffers insolvency. Such a risk would increase in the absence of any backup or support arrangement with an alternative contractor. Therefore no single contractor will be awarded more than one contract area and four contractors will be appointed who will also act as backup to each other.
16. The proposed contract duration of three years with the option to extend for up to a further two years provides the following advantages:
 - Allows for security, whilst being able to determine longer terms plans;
 - Allows asset management to implement and evaluate the performance of its in-house repairs improvements plan, and should this produce the required service targets then arrangements can be made to bring the works in-house during the initial term and not extend for the further two years.
 - Allows Southwark Repairs to recruit operational staff and operatives to assist with urgent building safety works such as electrical inspection and condition reports.
 - Gives sufficient time to re-procure future contracts to meet demand for these works if the in-house option proves to be not viable.
 - Realises fairer future commitments from the successful contractors due to the term of the contract and consistency of work load, including:
 - i. the opportunity for contractors to develop long term supply chains,
 - ii. to invest in a number of social value initiatives to improve local communities, and
 - iii. to build a long-term relationship with the council's training and employment partners to provide local apprenticeships in the construction industry.

Summary of the business case/justification for the procurement

17. The work proposed under these contracts will enable the council to meet its obligations as a social housing landlord and ensure it has arrangements in place to maintain its properties and turn voids around so it can meet its statutory obligations.
18. The contracts will contribute to maintaining the council's housing stock complementing future asset management strategy.
19. Residents rely on the council to ensure that all general needs voids and temporary accommodation voids are maintained to a standard and provide socially affordable homes.
20. Subjecting these requirements to competitive tender will demonstrate best value to the council.

21. To ensure service delivery, these four contracts will provide backup arrangements to each other and will also have the ability to bring some voids in-house when Southwark Repairs has the resources available.
22. The organisation of service delivery areas reflect the volume of orders and values, and present to the market packages that local small and medium-sized enterprises can tender for and resource. This is expected to attract competitive tenders but at increased prices, due to inflation in the price of materials, which will be known on receipt of tenders.
23. The proposed contract duration of three years with the option to extend for up to a further two years will enable officers to analyse the contracts' approach to determine its effectiveness. This analysis will form the basis of benchmarking its potential in-house option and if necessary for procurement of longer term contracts.

Market considerations

24. A desktop study identified a number of small, medium and large contractors within the market that could deliver the proposed work.
25. As a publicly advertised tender, all organisations including small and medium-sized enterprises will be able to participate in expressing an interest and tendering.
26. Brexit and the Covid-19 pandemic has had an impact on the construction market especially around skills shortages, import and export of materials and potential changes to regulations and standards. These challenges will have an impact on how bidders tender for works and it is likely to impact on the price for skills, materials. The establishment of long term contracts will assist in mitigating potential impacts through providing long term visibility of work.
27. The Ukraine war has also had an impact on steel prices, fuel and cost of utilities adding further volatility to the construction market.
28. As part of this procurement process financial checks and due diligence will be undertaken.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

29. The nature and value of these works means that the full tendering requirements of the Public Contracts Regulations 2015 (PCR 2015) (as amended) will apply. The following procurement options have been considered:
30. Do nothing - this is not an option available to the council. As a landlord it is essential that the council refurbishes voids and temporary accommodation voids properties to ensure it reduces the impact of additional costs for supporting homeless.

31. The council provides these works in-house – Southwark Repairs is the council's in-house repairs and voids service for all council homes. At this time, this is not a viable option as Southwark Repairs is embarking on a repairs improvement plan and resources are being directed towards day to day repairs to reduce the backlog that has built up over the Covid-19 pandemic period. Southwark Repairs will shortly be recruiting both operational staff and operatives to assist in delivering the building safety programme for electrical inspection works. Both the improvement plan and the electrical inspection are high priorities for the council.
32. The use of internal or external frameworks - whilst there are external frameworks for voids works available, this is not a viable option as currently does not give access to the council's local small and medium-sized enterprises including the existing incumbents.
33. Shared Services - the neighbouring boroughs already have their own contracts in place, which have not been opened up for other boroughs to use.
34. As none of the above options are suitable and these works are estimated above the PCR 2015 threshold for works, it is recommended that a fully advertised tender process using a restricted tender procedure be used to procure these works.

Proposed procurement route

35. This procurement is to undertake the PCR 2015 restricted tender procedure, as opposed to the open procedure, via the eProcurement System. In response to the eProcurement System advert and Find a Tender Service notice, companies interested in tendering will be required to formally express an interest on the eProcurement System in order to view the PAS91 pre-qualification questionnaire, draft tender documents and to submit a completed PAS91 pre-qualification questionnaire by the deadline set.
36. The procurement documents will set out that up to a maximum of 16 organisations will be selected for the combined tender list for the four contracts (Contracts A, B, C and D), subsequent to the PAS91 pre-qualification questionnaire process. In the event that any applicant achieves a score within two marks of the lowest scoring applicant that is being invited to tender, it will be included in the shortlist and progressed to the Invitation to Tender stage as well.

Identified risks for the procurement

37. The table below identifies a number of risks with this procurement, the likelihood of occurrence and the controls in place to mitigate the risks.

R/N	Risk Identified	Risk Rating	Mitigation
R1	The procurement process fails due to inadequate quality of	Low	Ensure that tender documents are drafted to facilitate submissions of required standard.

R/N	Risk Identified	Risk Rating	Mitigation
	submissions by tenderers		
R2	Successful contractors cease trading; go into liquidation or administration leaving works incomplete.	Low	Each contractor will act as back up however in the event of both failing then back up contractor(s) will be selected from the council's approved list. Robust due diligence of tenderer's financial situation will be undertaken.
R3	Covid-19 pandemic	Medium	Allow longer time periods for tenderers to submit bids. Offer virtual information day if under lockdown restrictions.
R4	Inflation	Medium	The price model targets contractors to price appropriately as opposed to a race to the bottom i.e. cheapest price. The contract terms includes Building Maintenance Indices and individual exceptional cases will be reviewed on their own merit.

38. A performance bond will not be required for these contracts. The contract documentation will include for retention of monies to be held until satisfactory completion of the works. A parent company guarantee will be required if the successful contractors have an immediate parent or ultimate company.

Key /Non Key decisions

39. This report deals with a key decision.

Policy framework implications

40. The procurement of these contracts will follow the Fairer Future Procurement Framework to support the Borough Plan and Fairer Future Commitments to deliver value for money and be open, honest and accountable.
41. The delivery of these contracts fit with the council's objectives as outlined in the Fairer Future Commitments, specifically:
- A place to call home
 - A place to belong and
 - A great start in life.

Procurement project plan (Key decisions)

42. The table below sets out the anticipated timescales for this procurement. However, this is subject to the number of expressions of interest received and resources available.

Activity	Complete by:
Enter Gateway 1 decision on the Forward Plan	24/01/2022
Brief relevant cabinet member (over £100k)	01/06/2022
DCRB Review Gateway 1:	11/07/2022
CCRB Review Gateway 1:	21/07/2022
Brief relevant cabinet member (over £100k)	17/10/2022
Deadline Agenda Planning	21/12/2022
Agenda Planning	03/01/2023
Notification of forthcoming decision - Cabinet	06/01/2023
Approval of Gateway 1: Procurement strategy report	17/01/2023
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	24/01/2023
Completion of tender documentation	17/02/2023
Publication of Find a Tender Service Notice	24/02/2023
Closing date for receipt of expressions of interest	28/03/2023
Completion of short-listing of applicants	05/05/2023
Invitation to tender	12/05/2023
ITT – Information Day	18/05/2023
Closing date for return of tenders	13/06/2023
Completion of evaluation of tenders	28/07/2023
Forward Plan (if Gateway 2 is key decision)	20/06/2023
DCRB Review Gateway 2: Contract award report	21/08/2023
Notification of forthcoming decision	05/09/2023
Approval of Gateway 2: Contract Award Report	12/09/2023
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision	19/09/2023
Debrief Notice and Standstill Period	03/10/2023
Contract award	10/10/2023
Add to Contract Register	10/10/2023
Place award notice in Find a Tender Service	11/10/2023
Place award notice on Contracts Finder	11/10/2023
TUPE Consultation period	05/01/2024
Contract start	15/01/2024
Initial Contract completion date	14/01/2027

Activity	Complete by:
Contract completion date – if extension(s) exercised	14/01/2029

43. The reasons why the Gateway 2 report decision is delegated from cabinet to the Strategic Director of Housing and Modernisation is ensure that the four successful contractors are mobilised ready to commence work when the current contracts expire to ensure service continuity.

TUPE/Pensions implications

44. The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) are likely to apply to this proposed procurement exercise. The appointment of potential suppliers for the existing general needs voids and temporary accommodation voids contracts could potentially amount to a service Provision Change under TUPE.
45. The extent of the application of TUPE and its implications will depend on a number of factors and will be considered during the proposed procurement exercise. These will be reported in the Gateway 2 report.
46. TUPE may also apply to any incumbent and new suppliers, if that is the outcome of the tenders, and in which case may result in the transfer of staff from one supplier to the other and/or their sub-contractors.
47. The procurement project timetable will need to include sufficient timelines to ensure that the council and any affected supplier(s) are able to comply with legal obligations that could potentially arise in respect of TUPE.
48. Existing directly employed staff within Southwark Repairs will be diverted to other repair work streams, such as day to day repairs, thus reducing the need for agency and back up contractors.

Development of the tender documentation

49. The asset management procurement team will be responsible for the delivery of this procurement and a project board will be set up to provide governance. The form of contract to be used will be JCT Measured Term Contract 2016, which will be subject to amendment as directed by legal services. The contract documents, once awarded, will be passed to legal services for formal execution.
50. The tender documentation will consist of the council's bespoke specification and schedule of rates covering various work streams.

Advertising the contract

51. The contracts will be advertised on the London Tenders Portal by way of an official notice that will be published on Find a Tender Service. The council will also publish a contract notice on the Contracts Finder website on the same day the Find a Tender Service notice is published.

52. The council will hold an information day at tender stage for those bidders shortlisted to tender.

Evaluation

53. The PAS91 pre-qualification questionnaires returned will be evaluated by council officers. The selection process will be an evaluation of each bidder's economic and financial standing, technical knowledge, equalities, diversity and inclusion questions, accreditation, experience and its ability and capacity to deliver the full scope of work. It is estimated that up to 16 bidders, to be agreed by the project board, will be shortlisted and invited to tender. The shortlisted companies invited will be able to bid for the four contracts (Contracts A, B, C and D) but the evaluation methodology will set out that each contract will be awarded to separate companies and not to a single company.
54. Three evaluation panels, one reviewing price, one reviewing quality (including social value) and the other equalities, diversity and inclusion, will evaluate the Invitation to Tender for the four contracts.
55. A deviation from the council's usual 70:30 price quality weighting is proposed to better follow the Fairer Future Procurement Framework and capture the requirements for social value and highlight the importance of quality of works delivered to residents.
56. The Invitation to Tender evaluation will be undertaken by a tender evaluation panel (TEP). The selection criteria will be based on MEAT (Most Economically Advantageous Tender) criteria with a split of 55:42:3 price and social value/quality and social value/ equalities, diversity and inclusion.
57. Price evaluation for the contracts will be undertaken by asset management commercial officers and reviewed and signed off by housing finance. It is proposed to use a price model that ensures lowest un-economical bids do not receive the highest scores. To achieve this the 55% awarded for price will be split into two distinct sections as follows:
58. Lowest lump sum price, which is likely to account for 30%, where the tenderer with the lowest price is awarded the maximum percent and all other tenders are scored proportionally to the lowest price and 5% for social value quantitative.
59. Mean average price of tenders, which is likely to account for 20%, where the tenderer which scores closest to the mean average value of all compliant tenders will be awarded 20% with all other tenders scored proportionally to the mean average price.
60. Quality and social value qualitative evaluation (42%) will be undertaken by asset management officers. An evaluation methodology will include a number of method statement questions and will be developed by the project team and agreed with the project board.

61. Each method statement will be weighted and will include a minimum threshold criterion for key quality and financial implications, which if tenderers fail to meet allows the council the discretion to reject those tenderers from the tender process.
62. The social value qualitative will be evaluated against a number of selected Themes, Outcomes and Measures. Social value themes that will be considered are:
 - local people in employment
 - opportunities for disadvantaged people and
 - carbon reduction and safeguarding the natural environment.
63. The information submitted in response to these questions should demonstrate the tenderers' ability to fulfil the requirements that were outlined in the procurement documents.
64. Successful tenderers will be evaluated on their commitment to social value on an annual basis. Failure to fulfil these commitments will translate, in the first instance, to provide other benefits to the same value in the Themes, Outcomes and Measures and where this has not been achieved contractual remedies will be applied.
65. The equalities, diversity and inclusion evaluation will be undertaken by council officers reflecting 3% of the available tender evaluation.
66. The council will hold some clarification meetings prior to finalising the tenderers' price, quality, social value and equalities, diversity and inclusion scores which shall then undergo consensus scoring before being added together to produce a final score.
67. Tenderers with the highest combined price, quality, social value and equalities, diversity and inclusion score will then be ranked. The first-placed tenderer will be awarded Contract A, the second-placed tenderer will be awarded Contract B, the third-placed tenderer will be awarded Contract C and the fourth-placed tenderer will be awarded Contract D.

Community, equalities (including socio-economic) and health impacts

Community impact statement

68. The four contracts are borough wide and support the council's Fairer Future Promises for quality affordable homes and revitalised neighbourhoods.
69. All four contracts will be of a low impact to tenants, leaseholders and other stakeholders as these works will be done in internal void properties.

Equalities (including socio-economic) impact statement

70. These contracts will ensure that properties remain vacant for as short a period as possible thus maximising the councils affordable, good quality homes which will benefit Southwark communities. It will assist the housing options available to older people and people with disabilities.

Health impact statement

71. These contracts will provide a positive impact on health inequalities as void properties will be allocated to existing residents/those in housing need in the borough, residents who are living in overcrowded conditions, or unsuitable housing. In addition to this rent levels are set at council rent, that are lower than London Affordable rent levels and market rent levels making them genuinely affordable.
72. Health issues are further addressed by providing properties with mould and damp free homes by ensuring adequate and improved ventilation.

Climate change implications

73. Void properties provide opportunities to undertake energy efficiency measures with little disruption. Specifications of work will consider the overall holistic approach to working towards carbon zero and comply with Building Regulations Part L that addresses the conservation of fuel and power as part of a drive towards a greener future.

Social Value considerations

74. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the wellbeing of the local area can be secured. The details of how social value will be incorporated within the tender are set out in the following paragraphs.

Economic considerations

75. As the council explores ways it can continue to deliver value for money, it is essential that it makes even better use of its resources to meet the needs of residents and businesses in the borough. Under the commitment of a “full employment borough” and as part of social value commitments these contracts will require contractors to employ at least one apprentice for every £1m spent.
76. Bidders will be required to provide costs and proposals for meeting the Fairer Future Procurement Framework requirements to ensure that this can be managed and valued as part of the contract management process.

Social considerations

77. The Fairer Future Procurement Framework will be embedded into the procurement documentation and will be evaluated as part of the overall quality evaluation.
78. The successful contractors will be required to demonstrate that they operate an Equal Opportunities Policy, comply with the provisions of the Equalities Legislation, the Employment Relations Act 1999 (Blacklists) Regulations 2010 and the Prevent Duty under section 26 of the Counter-Terrorism and Security Act 2015.
79. The council is an officially accredited London Living Wage Employer and is committed to ensuring that, where appropriate, contractors and sub-contractors engaged by the council to provide works or services within Southwark or Greater London pay their staff at a minimum rate equivalent to the London Living Wage rate. For contracts performed outside London, all relevant staff should be paid at or above the real UK Living Wage. For these contracts, the quality improvements are expected to include a high calibre of operatives that will contribute to the delivery of the works on site and will provide best value for the council. It is therefore considered appropriate for the payment of London Living Wage to be required. The successful contractors will be expected to meet the London Living Wage requirements and contract conditions requiring the payment of London Living Wage which will be included in the tender documents. As part of the tender process, bidders will also be required to confirm how productivity will be improved by payment of London Living Wage. Following award, these quality improvements along with gender pay gap reviews will be monitored as part of the contract review process.
80. The successful contractors shall consider trade union recognition in line with the council's Fairer Future Procurement Framework.
81. The successful contractors will be registered and accredited with the Transport for London Fleet Operator Recognition Scheme. Fleet Operator Recognition Scheme helps fleet operators to measure and monitor performance, encompassing safety, fuel efficiency, vehicle emissions and improved operations, in order to promote fleet management best practice and reduce social / environmental impacts.
82. The successful contractors will need to demonstrate that they can meet the Mayors Good Working Standard foundation level or above and committed to the End Violence at Work Charter.

Environmental/Sustainability considerations

83. The contracts will contain requirements to recycle existing material products.
84. The use of low emission vehicles and the planning of journeys will be encouraged within the contracts.

85. Chemical safe products approved by the water authorities will be used for rainwater and drainage works.

Plans for the monitoring and management of the contract

86. The council's contract register publishes the details of all contracts over £5,000 in value to meet the obligations of the Local Government Transparency Code. The Report Author must ensure that all appropriate details of this procurement are added to the contract register via the eProcurement System.
87. The contracts will be managed by asset management and resident service officers within the Housing and Modernisation department.
88. Key Performance Indicators will be used to measure the successful contractors' performance. Social value commitments made by the four successful contractors will be monitored by the council's asset management division on a quarterly basis.
89. Officers will also produce annual performance reviews in line with the council's Contract Standing Orders
90. Asset management will review all applications for payment and monitor and administer defaults and recovery of costs for poor performance.
91. To ensure robust contract management arrangements are in place, officers will undertake audit site inspections to ensure that method statements are adhered to and works are compliant and delivered to a high standard.
92. Monthly progress meetings, to be attended by officers will be arranged and recorded to review performance and compliance.

Staffing/procurement implications

93. There will be no impact on resident services staff as the existing division are already performing the contract management functions.
94. Staff and operatives within asset management's Southwark Repairs that work on voids will be directed to day to day repairs and maintenance in order to reduce back up contracting and reliance on agency.

Financial implications

95. Southwark Repairs deficit figures for general needs voids from April 2019 to March 2020 was £2.3m. Originally Southwark Repairs was paid on a price per void to ensure the property met the required standard. This reduced to £1.9m for April 2020 to March 2021.
96. From April 2021 Southwark Repairs price per void was removed and it was paid on a schedule of rates basis for works ordered. The schedule of rates were priced as part of the in-house service level agreement. For 2021/2022 Southwark

Repairs was paid £6.88m for general needs voids and £2.60m for temporary accommodation voids giving a combined income value of £9.48m

97. For 2021/22 Southwark Repairs void staffing costs were £782k. Southwark Repairs sub-contracting costs for the same period were £4.4m for general needs voids and £1.6m for temporary accommodation voids giving a combined direct expenditure of £6.782.
98. The following budgets are available in the table below to cover the works that will be delivered by these contracts:

Budget Holder	Revenue/ Capital	General Fund (GF)/ Housing Revenue Account (HRA)	Budget available per annum
Asset management	Revenue	HRA	£5.60m
Asset management	Capital	HRA	£1.00m
Resident services (Temporary Accommodation)	Revenue	HRA	£1.87m
Resident services (Temporary Accommodation)	Revenue	GF	£0.13m
			£8.60m

99. The estimated contract annual values detailed in paragraph 1 are based on current available budgets and includes a contingency of £800k per contract per annum for increase demand in voids, subject to budget challenge approvals which will further be described in the Gateway 2 report. The breakdown of these estimated annual costs are as follows:

Contract	Budget	Contingency*	Total
A	£2.15m	£0.80m	£2.95m
B	£2.15m	£0.80m	£2.95m
C	£2.15m	£0.80m	£2.95m
D	£2.15m	£0.80m	£2.95m
Totals	£8.60m	£3.20m	£11.80m

* Contingency subject to budget challenge approvals in the autumn of 2022.

100. Current and expected demand is exceeding the budget allocation and therefore will be subject to further adjustments depending on budgetary pressures and challenge meetings. This will be reconfirmed at the Gateway 2 contract award stage.
101. The contracts will allow for an annual Building Maintenance Indices uplift and this will need to be contained within the allocated budget.

Investment Implications

102. Please see financial implications in paragraphs 95 to 101 above.

Legal implications

103. Please see concurrent from the Director of Law and Governance.

Consultation

104. Consultation with staff will be arranged via team meetings and Departmental Liaison Committee meetings.

Other Implications or issues

105. None

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (H&M 22/111)

106. This report seeks approval from cabinet to undertake a restricted tender procedure for four voids and temporary accommodation voids contracts. The contracts will be over a period of three years (from September 2023) with the option to extend for another two years. The contracts will be allocated by geographical areas.

107. Cabinet notes that the annual costs of the four contracts amount to £11.8m (£35.4m over 3 years; £59m over 5 years) and including an annual contingency of £3.2m (£9.6m over 3 years; £16m over 5 years).

108. Cabinet notes that the contingency is subject to budget challenge approvals and the contracts will allow for an annual Building Maintenance Indices uplift.

109. Cabinet notes that the costs for the four contracts will be funded mainly from the Housing Revenue Account budgets with a small proportion funded (around 1.5%) from the General Fund.

110. Cabinet notes that the financial information is detailed in paragraphs 95 to 101.

Head of Procurement

111. This report seeks approval from cabinet to undertake a restricted tender procedure for four voids and temporary accommodation voids contracts: Contract A - Bermondsey, Rotherhithe and Borough and Bankside at an estimated annual cost of £2.95m, Contract B - Peckham and Nunhead at an estimated annual cost of £2.95m, Contract C - Camberwell and Dulwich at an estimated annual cost of £2.95m and Contract D - Walworth and temporary accommodation Out of Southwark at an estimated annual cost of £2.95m for a

period of three years from September 2023 (£35.4m) with the option to extend up to a further two years (in increments at the council's sole discretion subject to performance) making an estimated total contract value of £59m.

112. Cabinet notes that the procurement is detailed in paragraphs 29 to 36 and 51 to 67, the risks are detailed in paragraph 37, social value commitments are detailed in paragraph 62, the impact on equalities, health and climate change are detailed in paragraphs 70 to 73, confirmation of the payment of London Living Wage is detailed in paragraph 79, management and monitoring of the contract is detailed in paragraphs 86 to 92.

Director of Law and Governance

113. This report seeks approval of the cabinet to the procurement strategy for four voids and temporary accommodation voids contracts:

- Contract A - Bermondsey, Rotherhithe and Borough and Bankside at an estimated annual cost of £2.95m
- Contract B - Peckham and Nunhead at an estimated annual cost of £2.95m,
- Contract C - Camberwell and Dulwich at an estimated annual cost of £2.95m and;
- Contract D - Walworth and temporary accommodation Out of Southwark at an estimated annual cost of £2.95m.

for a period of three years from September 2023 (£35.4m) with the option to extend up to a further two years (in increments at the council's sole discretion subject to performance) making an estimated total contract value of £59m.

114. Cabinet is requested to note the procurement strategy in this report will result in bidders being required to bid as backup to each other on their tendered rates to ensure an efficient service delivery.
115. The nature and value of these works means that the full tendering requirements of the Public Contracts Regulations 2015 (PCR 2015) will apply. Paragraphs 34 to 36 of this report confirms that a restricted tendering procedure is proposed which will comply with the PCR 2015 and the council's Contract Standing Order (CSO) tendering requirements.
116. Cabinet is asked to delegate the contract award decisions for the four contracts to the Strategic Director of Housing and Modernisation for the reasons outlined in paragraph 43 of this report and in accordance with CSO 6.5.3.
117. Cabinet's attention is drawn to the Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010, which requires public bodies to have due regard, when making decisions, to the need to eliminate discrimination, harassment, victimisation or other prohibited conduct, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. Cabinet is specifically referred to the community, equalities (including socio-economic) and health

impacts at paragraphs 68 to 72 of this report setting out the consideration that has been given to equalities issues, which should be considered when approving the recommendation in this report.

Director of Exchequer (for housing contracts only)

118. This long term agreement for voids repairs is primarily for repairs to the inside of tenanted properties. This work is not service chargeable to leaseholders and there is therefore no requirement for consultation with leaseholders under S20 of the Landlord and Tenant Act 1985. Occasionally repairs may be required as part of the void repairs that affect the communal areas and which could be service chargeable. In these circumstances the work will be separately ordered within an agreement that has been consulted on or competitive quotes will be invited.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
None		

APPENDICES

No	Title
None	

AUDIT TRAIL

Cabinet Member	Councillor Darren Merrill, Council Homes and Homelessness	
Lead Officer	Dave Hodgson, Director of Asset Management	
Report Author	Christopher Gregory, Asset Management Procurement Officer	
Version	Final	
Dated	5 January 2023	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Governance	Yes	Yes
Director of Exchequer (for housing contracts only)	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	5 January 2023	