

MAINTENANCE CONTRACTS

Report of the Director of Derby Homes

SUMMARY OF REPORT

1. This report seeks approval to a number of maintenance contracts to be entered into on a partnering basis. These contracts need to be let and cannot await the agreement of a wider Derby Homes procurement strategy referred to elsewhere on the agenda.

RECOMMENDATION

- 2.1 To approve the contracts set out in section 3 of this report.
- 2.2 To authorise the Director to sign these contracts on behalf of Derby Homes Ltd.

MATTER FOR CONSIDERATION

- 3.1 In March 2002, Derby City Council extended a number of existing maintenance contracts to enable progress on the programme of repairs and improvements to be maintained and budgeted spending targets to be achieved. On 10 April 2002, it transferred responsibility for the management of existing maintenance contracts to Derby Homes. It was agreed that future contracts could be let by Derby Homes utilising resources made available to it by the City Council.
- 3.2 The bid for additional arms length resources anticipated these would be spent on a partnering basis in line with the Best Value principles for construction in the Egan Report 'Rethinking Construction'. Key features of this approach being:
 - tenant involvement in specifying the work and the contractor selection process
 - tenders sought on both a price and quality basis
 - during the contract term, all processes being reviewed including with suppliers with the aim of providing a more efficient and cost effective service
 - an 'open book' approach being taken
 - arrangements for sharing any savings which result from efficiencies identified by the contractor
 - contracts for three years with than option to extend for a further two.

It is proposed that these principles be applied in using the PPC 2000 form of contract.

- 3.3 Following public notices inviting expressions of interest and an extensive selection process, it is proposed to enter into the following negotiated contracts.

| | Contract | Contractor | Form of Contract | Duration | Annual Expenditure |
|-----|---|----------------------|-------------------------|---|---------------------------|
| (a) | Door entry installation and maintenance | Barron McCann | PPC2000 | 3 years with option to extend for further 2 | £350,000 |
| (b) | External painting and lobby refurbishment | PDB | PPC2000 | 3 years with option to extend for further 2 | £500,000 |
| (c) | External painting and lobby refurbishment | Riley & Co | PPC2000 | 3 years with option to extend for further 2 | £120,000 |
| (d) | External painting and lobby refurbishment | Whittle Painting | PPC2000 | 3 years with option to extend for further 2 | £80,000 |
| (e) | Unity refurbishment | Bramall Construction | PPC2000 | 2 years with option to extend for further 2 | £1,500,000 |

Note that the balance of work between painting contractors in 2003/04 and beyond may be amended.

CONSULTATION IMPLICATIONS

- 4.1 The City Council's legal and audit sections have been consulted upon and approved the form of contract and the selection process used.
- 4.2 Tenant representatives have been members of the section panel for these contracts. I have attached an article written by Win Buchan, leaseholder representative, which explains her involvement.

FINANCIAL IMPLICATIONS

- 5.1 The approximate annual value of these contracts is £2.350 million. Over a three year period the total cost will be £6 million and over five years, £11 million.
- 5.2 The costs shown are the negotiated maximum contract values that are currently estimated. These cover all works, inclusive of fees, decanting costs, rent loss and disturbance payments.
- 5.3 These costs will be met from the Housing Capital Programme and the

Housing Repairs Account.

LEGAL IMPLICATIONS

6. The Head of Legal Services at Derby City Council has approved of the procedures used to let these contracts.

PERSONNEL IMPLICATIONS

7. Negotiating these contracts will allow Derby Homes to concentrate on the planning and development of maintenance contracts, rather than annual tendering processes.

ENVIRONMENTAL IMPLICATIONS

8. None.

EQUALITIES IMPLICATIONS

9. None.

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