

Decision by Portfolio Holder



Report reference: HPS-007-2019/20

Date of report: 02 October 2019

**Epping Forest
District Council**

Portfolio: Housing and Property Services

Author: S Mitchell (Ext. 4548)

Democratic Services: J Leither

Subject: 6-month extension of the repairs management services agreement with Mears Ltd

Decision:

That paragraph 10.1 of the Council's Procurement Rules 2018 be waived to extend the current repairs management services agreement with Mears Ltd by a further 6 months, up to 30th September 2020, at an approximate value of £110,000.

ADVISORY NOTICE: <i>A Portfolio Holder may not take a decision on a matter on which he/she has declared a Pecuniary interest. A Portfolio Holder with a non-pecuniary interest must declare that interest when exercising delegated powers.</i>	
I have read and approve/ do not approve (delete as appropriate) the above decision:	
Comments/further action required: None	
Signed: Councillor H Whitbread	Date: 15 October 2019
<i>Non-pecuniary interest declared by Portfolio Holder/ conflict of non-pecuniary interest declared by any other consulted Cabinet Member:</i> None	<i>Dispensation granted by Standards Committee:</i> Yes/No or n/a N/A
Office use only: Call-in period begins: 15 October 2019	Expiry of Call-in period: 22 October 2019

**After completion, one copy of this pro forma should be returned to
Democratic Services IMMEDIATELY**

Reason for decision:

To ensure continuity of the existing repairs management service up to 30th September 2020 whilst specialist consultants work with the Council to transition from the current insured arrangement with Mears Ltd to the new services company.

Options considered and rejected:

To pursue competitive tendering:

It would not be practical, efficient or cost effective to competitively tender the insourced management of the repairs service for a period of just 6 months.

Not to proceed with a 6 months extension:

This is not a viable option. The repairs service does not currently have an IT system, policies, procedures, business plan, suppliers and staff structures in place to operate independently. The service is reliant on the incumbent insourced management of Mears Ltd for this until the Council's specialist consultants put these into place during the transition period.

Background Report:

The Cabinet, at its meeting on 11th July 2019, approved the set-up of a Services Company to deliver the housing repairs and maintenance service for our Council owned homes.

Currently the repairs and maintenance service is delivered directly through EFDC employees. However, 9 years ago it was decided to procure an "insourced management" model to help develop the team and bring about performance and customer service improvement.

Mears Ltd entered into a service agreement with the Council to provide a repairs management service and the current agreement expires on 31st March 2020.

To successfully transition from the current insourced arrangement to the new services company requires considerable work. For example, a new IT system needs to be procured, materials supply contracts and specialist sub-contractor contracts need to be set up and plans, policies, procedures and staffing structures all need to be developed to support the new company.

Specialist multi-disciplinary housing, legal and IT consultants are currently working with the Council to achieve a proposed 'go live' date for the new company of July 2020. However, to allow sufficient time for mobilisation, it is necessary to extend the existing service agreement with Mears Ltd by a further 6 months – up to 30th September 2020.

The cost of the service agreement for the current financial year 19/20 is £218,304.12. It is anticipated that the cost of a further extension for 6 months will be in the region of £110,000.

Given the nature of the specialist service and very limited time available, it is not considered possible to seek alternative competitive quotes. In accordance with paragraph 5.2(c) and 5.5(c) of the Council's Procurement Rules, it is considered that Mears Ltd, being the current provider, are the most appropriately placed contractor to deliver the current repairs management service for a short, extended period.

Having determined that the existing relationship and nature of work to be commissioned under the paragraphs identified above, authority is sought under paragraph 2.8 of the Procurement Rules 2018 to extend the current service agreement with Mears up to 30th September 2020 and to waive paragraph 10.1 of the Procurement Rules 2018 in relation to inviting a minimum number of three tenders as the total contract value is between £50,001 - £250,000.

Resource Implications:

This repairs management service will be funded within the existing Housing Repairs budget.

Legal and Governance Implications:

All procurement must take place in line with the Council's Procurement Rules. The detail of the approach taken in respect of the Procurement Rules is set out within the report above. There is a formal project governance structure to oversee set up of the new service company.

Safer, Cleaner and Greener Implications:

The Council's specialist consultants will take into account the Council's Safer, Cleaner and Greener agenda.

Consultation Undertaken:

Corporate Contracts and Procurement team.

Background Papers:

None

Impact Assessments:

N/A

Risk Management:

An Officer/Member steering group is overseeing the set-up and preparation of the repairs services company.

Since the original contract with Mears Ltd was let via an EU procurement exercise for a fixed 9-year term, this extension creates a small risk to the Council for a claim being served from any of the unsuccessful bidders for financial compensation, as the terms have been varied. However, it is the view of the Council that the risk of challenge is low, as the extension period is 6 months with no future contract opportunity following on from that. For a new provider to come in and provide the service solely for 6 months would not be cost effective for the provider or the Council, as the costs of set up alone would likely be prohibitive with no time to gain a return on investment. When negotiating the terms of contract for this extension, Mears Ltd have expressed a requirement for a clause being inserted indemnifying against any claims brought against them, or losses suffered, in the event that the contract be terminated if there was a procurement challenge.

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix 1 of this report.

Key Decision Reference (Y/N):

N/A