



CONSTRUCTION

Measured Term Contract for Building Repairs, Maintenance and Minor Works



Summary

The Corporate Plan sets out the aims and objectives of Derbyshire Dales District Council. The vision describes what the Local Strategic Partnership (of which the District Council is a lead member) aims to achieve for the Derbyshire Dales.

The seven core values of the District Council are the principles that lie at the heart of all our activities. They reflect our rural nature, the need for social inclusion, putting the customer first, high standards, efficiency, being a good employer, and working in partnership.

One of the seven core values is Supporting Service Delivery Improvements. Underpinning this value is an Asset Management Plan with a key action being to appoint a single contractor or consortium to carry out Building Repairs, Maintenance and Minor Works.

In January 2005, Members approved a report seeking the invitation of contractors to tender for the District Council's Measured Term Contract for Building Repairs, Maintenance and Minor Works (Schedule of Rates), in accordance with the Procurement Strategy and Contract Standing Orders.

Improvement through efficiency



Centre of Excellence

East Midlands

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Seven core values:

- 1 - Improve the supply of decent, affordable homes for local people
- 2 - Increase the number of people, especially young people, participating in leisure activities
- 3 - Reduce, re-use and recycle waste
- 4 - Protect and improve the safety and health of residents and visitors
- 5 - Stimulate economic, community and environmental regeneration
- 6 - Improve access to services
- 7 - Support service delivery improvements.

The contract

The contract identifies the numerous key items of work that the Council required to its property portfolio.

Work areas included were;

- Demolitions and Alterations
- Excavation and Earthworks
- Concrete Works
- Brickwork, Blockwork and Stonework
- Roofing Works
- Joinery
- Plumbing Installations
- Legionella Testing/Control
- Heating and Ventilation
- Electrical Installations
- PAT Testing
- Floor, Wall and Ceiling Finishes
- Glazing
- Painting and Decorating
- Drainage Works
- External Works.

The value of works carried out in the identified areas equated to approximately £365,000 per annum and a 4 year contract was proposed. As the value was below the EU Procurement threshold, the route taken was in accordance with the Council's Procurement Strategy and Contract SO's for works in excess of £250,000.

Six contractors were invited to tender using a 'Schedule of Rates' or catalogue of individual jobs, which were likely to be required as part of property maintenance and minor works. Given the schedule's composition, it was not possible to calculate a total tender sum.

Analysis of the bids took the form of determining if the tender instructions had been complied with. Two bona fide bids were assessed arithmetically and technically found to be in order. The tender submissions were assessed against set criteria as indicated in the tender documents and against a matrix that assessed the anticipated frequency (as a comparator) of individual rates in the schedule.

Advantages of the schedule of rates working

The following were perceived to be advantages of utilising this type of contractual arrangement;

- Simple ordering, certification and payment system, reducing processing costs, generating procurement savings
- Single contact points (for contract management), for both the contractor and client (District Council), leading to improved dialogue (partnership approach) and better quality control
- Improved value for money due to 'bulk buying' using single supplier
- Better contractual arrangements, all works carried out under a contract, no use of simple orders leading to better protection for both parties
- All works, (including emergency works), have been competitively tendered, therefore 'best value' assured
- Single supplier avoids confusion within the council i.e. officers 'calling off' works will always know which Contractor to use
- Transfer of some significant risk items to the Contractor from the District Council, e.g. Health & Safety Legislation.

The contract provides sub-letting to local firms thus recognising our support of SMEs.

Quote

"It is evident that the contract has returned tangible benefits in the form of 'back office' efficiencies. It has also identified a need to improve our control mechanisms which apply to contract compliance.

I believe the contract has contributed to our corporate priority of Supporting Service Delivery Improvements."

Bill Beckett,
Chief Internal Auditor

Award of contract and post effects

A contract was let effective for 4 years from 1 April 2005. During the period since the contract commission, the following has emerged;

- In the first year invoices for property services work have reduced by 576. The Contractor submits one invoice per month, supported by a spreadsheet recording individual works against the Schedule of Rates pricing structure. This has had an effect on back office routines by enabling the Central Processing Unit to develop e-processing without additional officer resources.
- Property Services who commission works on behalf of client officers, report that their time management has significantly improved as they are no longer required to specify one off jobs, (these are included within the schedule).
- Repair requests are better focussed through the single contact point, of Property Services.
- An excellent relationship has developed between the Contractor and Property Services, which has enabled QS advice to be proffered, so controlling difficult jobs, which are not fully covered by the Schedule.
- The backlog of repairs has been addressed, and in the case of public toilets, has enabled a pre-planned programme for painting to be created.
- Property Services report that 'disputed invoices' were resolved at year-end, quicker than in earlier years.
- There is anecdotal evidence that suggests a fine balance is yet to be struck between client officers who are service budget holders, and Property Services officers who certify expenditure incurred via the contract. Whilst undoubtedly the contract has achieved significant back office savings, the rates charged in the Schedule are higher than those of the jobbing contractors previously employed before April 2005. We are currently reviewing our management arrangements, which apply to budget holders.

Quote

“One encouraging consequence of the contract award from the aspect of a small rural council wishing to support its SMEs, has been that the local electrical contractor who was exclusively employed on jobbing electrical works, is now the nominated electrical provider under the contract. The local electrical contractor was informed of our proposed intention to let one contract and subsequently linked up with the successful main contractor. Not only is the electrical contractor enjoying continuity of employment, but has also been awarded work from the local Health Authority and a brewery who commission work from our main contractor.”

Bill Beckett,
Chief Internal Auditor

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