

Case Study: Family Housing (Wales) Limited (FHA)

“Just a quick note to thank you for the last couple of days. They are probably two of the best days I have spent with Family Housing! We covered an amazing amount of work in a really interesting way and it was great to see staff from different departments and tenants working so well together”. **Mel Rayner Chair of FHA Tenants Panel January 2017** (e-mail to Dave Sillitoe Impart links)

FHA had undertaken a strategic options appraisal of their repairs, voids, planned maintenance and heating services.

They decided to continue with their DLO delivering some repair and component replacement work, whilst re-procuring the remaining work with expressed intent for some services to migrate to their DLO over the four-year term.

Impart links were commissioned in 2016 to undertake the role of Critical Friend/ procurement expert to:

- Explore and agree procurement options
- Procure the agreed strategy

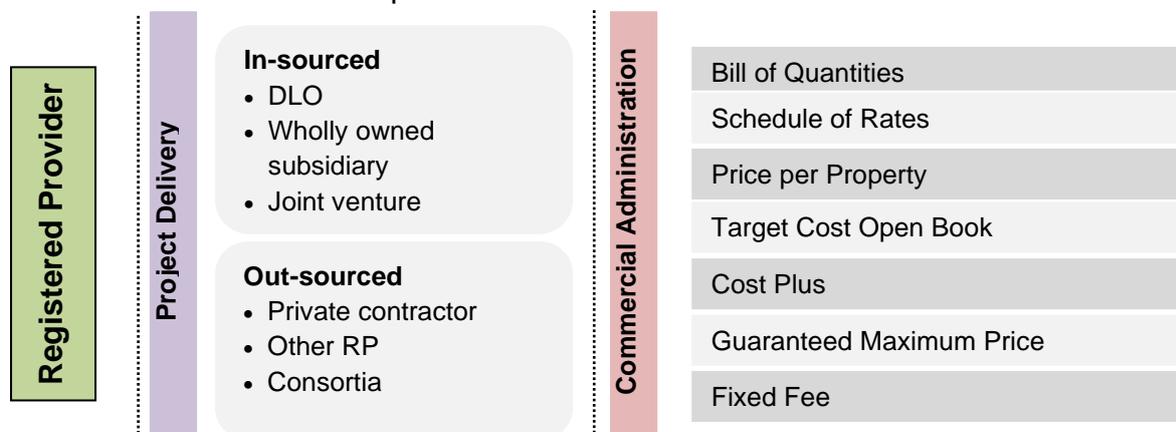
Key Drivers:

Key drivers for the procurement were:

- Use of the local supply chain
- A strategic approach to managing and delivering Community Benefits
- Refinement of existing Open Book cost management processes
- Cost options for Open Book and fixed price
- The need for an IT integration project during the mobilisation period
- Increased involvement of tenants in the procurement and management of awarded contracts

Critical Friend:

Housing Repair and Maintenance contracts are delivered by Registered Providers in many different ways; but generally project delivery and administration tend to be a combination of one or two of the options below:



At Impart links, we believe that *understanding* your business is critical to making key strategic and operational procurement decisions.

To achieve this understanding, we undertake detailed “forensic reviews”.



Impart links have a significant current, actual cost and performance library (*governance, strategic and operational costs*) derived from audits/reviews and procurement which, along with Pobl’s current procurement information will facilitate the analysis of costs and performance.

The accuracy of data is critical to making key business decisions. Our Cost Managers are adept at cost and performance data manipulation/cleansing; the information used will be “fresh”, accurate and validated and will evidence actual measures/ indicators that can be compared to industry indicators and those held by Impart links from other reviews and procurement processes.

At FHA we “defined the existing service” by reviewing existing delivery information, analysing, articulating and cleansing (removed duplications, filled gaps, addressed any issues/ concerns/ queries) two years of job data to summarise, by workstream:

- Annual Value (£)
- Number of jobs and Average job cost
- Contractor
- Delivery and commercial management approach

We also reviewed asset/ property information to ensure that property and asset descriptions were correct. For example, communal boilers were not included in the Heating procurement, however, communal and individual distribution systems radiators were and the data needed to show this.

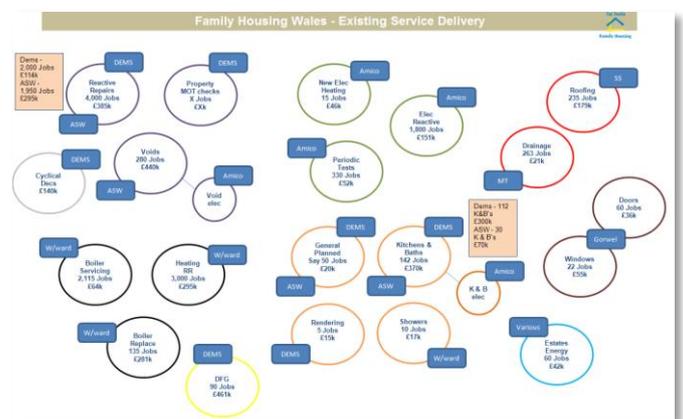
This allowed us to draft *work package options* for debate/ discussion.

Options included:

1. Existing/ “as-is”; no changes
2. Workstream Focus; e.g. Repairs, Planned Work, Compliance
3. Discipline Focus; e.g. Building, Electrical, Heating
4. Single provider
5. Hybrid; Response Repairs and Voids, Planned Building Work; M&E Work

Each option considered the number of contracts and lots along with:

1. Characteristics
2. EU procurement implications
3. Opportunities
4. Risks
5. Commercial administration options
6. Form of contract options



3 Procurement Processes

Workstream	Reactive Repairs and Voids				Planned Building Work				M&E Work			
	Annual Value (£)	Number of Jobs	Average Job Cost (£)	Jobs per Job	Annual Value (£)	Number of Jobs	Average Job Cost (£)	Jobs per Job	Annual Value (£)	Number of Jobs	Average Job Cost (£)	Jobs per Job
001 - Reactive repairs	271	1,960	1.36	1.96	20	20	2.00	2.00	20	20	2.00	2.00
002 - Voids	48	285	5.92	1.75	10	10	1.00	1.00	10	10	1.00	1.00
003 - Drainage	288	90	3.20	3.20	10	10	1.00	1.00	10	10	1.00	1.00
004 - Electrical	10	10	1.00	1.00	10	10	1.00	1.00	10	10	1.00	1.00
005 - Heating	40	40	1.00	1.00	10	10	1.00	1.00	10	10	1.00	1.00
006 - Windows	10	10	1.00	1.00	10	10	1.00	1.00	10	10	1.00	1.00
007 - Doors	10	10	1.00	1.00	10	10	1.00	1.00	10	10	1.00	1.00
008 - Roofs	10	10	1.00	1.00	10	10	1.00	1.00	10	10	1.00	1.00
009 - External Works	10	10	1.00	1.00	10	10	1.00	1.00	10	10	1.00	1.00
010 - Other	10	10	1.00	1.00	10	10	1.00	1.00	10	10	1.00	1.00
Total	388	2,390	6.15	2.39	50	50	1.00	1.00	50	50	1.00	1.00

7. Duration options

Each option was supported by a detailed financial summary.

The options review was *iterative* in that each was discussed in detail, no single option was preferred and time was allowed for reflective thinking and further discussion before a final decision was made; the preferred, non-OJEU procurement strategy and options being as follows:

Family Housing Association Wales – this procurement



Contracts for Housing Repairs & Component Replacement in Two Lots	Area A – East	Area B – West
	Lot 1	Lot 1
	Building repairs & voids, kitchen, bathroom, shower replacements, drainage, roofing, etc.	
	Lot 2	Lot 2
	Electrical repairs, heating replacements, rewires and testing	
	£3.7m – 4 years	£3.8m – 4 years

Contract for Central Heating Servicing, Repairs and Maintenance and Plumbing Repairs	Heating servicing, repairs and replacement and plumbing repairs £2.95m – 4 years
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 3

A single contractor for Area A Building and Electrical Work/ Repairs

- *A different contractor for Area B Building and Electrical Work/ Repairs*
- *An opportunity for a contractor to be appointed for Electrical repairs/ work for Area A and B only*
- *A single contractor for heating servicing, repairs and replacement and plumbing work*

Contractors were able to bid for one or all Contracts and Lots.

Whilst not mandatory, a small number of preferred sub-contractors and suppliers were named for consideration as part of the tender team and full details of FHA existing supply chain were provided for tendering contractors use. In particular FHA arrangement with CHIC for boiler supply was factored into the tender process.

A strategic partnership was also formed with Swansea Council “Beyond Bricks and Mortar” Community Benefits initiative.

Preferred cost administration was Open Book for repairs and Fixed Price for component replacements. Example Option:

Family Housing Wales - Package Option 5				
Lot 1 - Repairs (2no SP's)	Lot 2 - General Maintenance (1no SP)	Lot 3 - Boiler servicing	DEMS Delivery - No Procurement	Lot 5 - Estates Energy Works
<p>Est Annual Expenditure £1,184k*</p> <p><i>a) Lot Characteristics</i></p> <ul style="list-style-type: none"> *diminishing over the 4 year period (DEMs) *4 year expenditure under QJEU threshold *combines all general repairs <p><i>b) Opportunities</i></p> <ul style="list-style-type: none"> *overhead and profit efficiency from combining responsive *sizeable lot in terms of value to generate interest and best prices *potential to downsize general repairs annually to feed the growth of DEM (written into tender docs and contract) *potential for single provider or split into 2 <p><i>c) Risks</i></p> <ul style="list-style-type: none"> *sizeable lot which may discount SME's *would generate interest from larger SP's *all eggs in one basket if not split in two <p><i>d) Procurement Option</i></p> <ul style="list-style-type: none"> *3 year contract with potential to extend for 1Year - or *3 year contract with a potential to extend for 1+1 if value diminishes and passed to DEMs <p><i>e) Form of Contract Option</i></p> <ul style="list-style-type: none"> *TPC 2005 amended 2008 *JCT measured term contract 2011 *Bespoke <p><i>f) Commercial Administration Option</i></p> <ul style="list-style-type: none"> *Impart links PPP model (open book) *FHA fixed price per repair and void (DB) *Target cost (DB) - quarterly reviews *Guaranteed maximum price (DB) *Fixed fee (closed book) *Current Open Book Delivery *mixture of above for different work element 	<p>Est Annual Expenditure £750k</p> <p><i>a) Lot Characteristics</i></p> <ul style="list-style-type: none"> *5 year contract with appropriate break clauses *5 year contract under QJEU threshold <p><i>b) Opportunities</i></p> <ul style="list-style-type: none"> *appealing to trusted Service Provider *combining planned and voids so SP can maximise labour efficiencies <p><i>c) Risks</i></p> <p><i>d) Procurement Option</i></p> <ul style="list-style-type: none"> *3 year contract with potential to extend for 1Year + 1Year <p><i>e) Form of Contract Option</i></p> <ul style="list-style-type: none"> *TPC 2005 amended 2008 *JCT measured term contract 2011 *Bespoke <p><i>f) Commercial Administration Optio.</i></p> <ul style="list-style-type: none"> *Impart links PPP model (open book) *FHA fixed price per repair and void (DB) *Target cost (DB) - quarterly reviews *Guaranteed maximum price (DB) *Fixed fee (closed book) *Current Open Book Delivery *mixture of above for different work elemen 	<p>Est Annual Expenditure £100k</p> <p><i>a) Lot Characteristics</i></p> <p>Existing framework</p> <p><i>b) Opportunities</i></p> <ul style="list-style-type: none"> *benchmark market <p><i>c) Risks</i></p> <p><i>d) Procurement Option</i></p> <p><i>e) Form of Contract Option</i></p> <p><i>f) Commercial Administration Optio.</i></p>	<p>Est Annual Expenditure £600k</p> <p>No procurement required</p>	<p>Est Annual Expenditure £42k</p> <p>To discuss further with FHA</p> <p>To discuss further with FHA</p>
<p>Reactive Repairs 1,950 Jobs £295k</p>	<p>Boiler Servicing 2,115 Jobs £64k</p>	<p>Reactive Repairs 2,000 Jobs £114k</p>		<p>Estates Energy 60 Jobs £42k</p>
<p>Elec Reactive 1,800 Jobs £151k</p>	<p>Kitchens & Baths 30 Jobs £70k</p>	<p>Kitchens & Baths 112 Jobs £300k</p>		
<p>New Elec Heating 15 Jobs £46k</p>	<p>General Planned Say 50 Jobs £20k</p>	<p>Property MOT checks X Jobs £Xk</p>		
<p>Periodic Tests 330 Jobs £52k</p>	<p>Showers 10 Jobs £17k</p>	<p>Cyclical Decs £140k</p>		
<p>Heating RR 3,000 Jobs £295k</p>	<p>Rendering 5 Jobs £15k</p>			
<p>Boiler Replace 135 Jobs £281k</p>	<p>DFG 90 Jobs £461k</p>			
<p>Drainage 263 Jobs £21k</p>	<p>Doors 60 Jobs £36k</p>			
<p>Roofing 235 Jobs £179k</p>	<p>Windows 22 Jobs £55k</p>			

Example Financial Summary:

3 Procurement Processes

Reactive Repairs and Voids						OJEU				Work Total '000 £	Service Total '000 £	Predominant Article	4 Year Projection '000 £	OJEU Applies (aggregation) PACKAGE	Single or Two- stage	Max Duration/ Term	Suggested Duration/ Term
Workstream	Annual Value '000 £	Number of Jobs	Av cost per Job (£)	Type of Work	Discipline	OJEU Work or Service	4 Year Projection '000 £	OJEU Threshold '000 £	OJEU Applies (aggregation) ISOLATION								
001	Reactive repairs			Response repairs	Building	Work			n	730	-	Work	2,920	No	Two-stage	5.5	5
002	Voids			Response repairs	Building	Work			n								
015	Drainage			Response repairs	Building	Work			n								
		730					2,920										

Planned Building Work						OJEU				Work Total '000 £	Service Total '000 £	Predominant Article	4 Year Projection '000 £	OJEU Applies (aggregation) PACKAGE	Single or Two- stage	Max Duration/ Term	Suggested Duration/ Term
Workstream	Annual Value '000 £	Number of Jobs	Av cost per Job (£)	Type of Work	Discipline	OJEU Work or Service	4 Year Projection '000 £	OJEU Threshold '000 £	OJEU Applies (aggregation) ISOLATION								
003	Kitchens and bathrooms			Planned work	Building	Work			n	850	-	Work	3,400	No	Two-stage	4.83	4.5
004	Showers			Planned work	Building	Work			n								
005	General planned work			Planned work	Building	Work			n								
006	Rendering work			Planned work	Building	Work			n								
013	DFG			Planned work	Building	Work			n								
014	Roofing			Planned work	Building	Work			n								
017	Window replacement			Planned work	Building	Work			n								
018	Door replacement			Planned work	Building	Work			n								
		850					3,400										

M & E Work						OJEU				Work Total '000 £	Service Total '000 £	Predominant Article	4 Year Projection '000 £	OJEU Applies (aggregation) PACKAGE	Single or Two- stage	Max Duration/ Term	Suggested Duration/ Term
Workstream	Annual Value '000 £	Number of Jobs	Av cost per Job (£)	Type of Work	Discipline	OJEU Work or Service	4 Year Projection '000 £	OJEU Threshold '000 £	OJEU Applies (aggregation) ISOLATION								
007	New electric heating			Planned work	Electrical	Work			n	810	115	Work	3,700	No	Two-stage	4.44	4
008	Periodic testing			Compliance	Electrical	Service			y								
009	Electric response repairs			Response repairs	Electrical	Work			n								
010	Boiler replacement			Planned work	Heating	Work			n								
011	Heating repairs			Response repairs	Heating	Work			n								
012	Boiler servicing			Planned work	Heating	Service			y								
016	Estates energy			Planned work	Heating	Work			n								
		925					3,700										

2,505

10,020

	Services	Works
Contracting authorities	164,176	4,104,394
Small lots	62,842	785,530

up to 20% of the contract value can be reserved for small lots

Procurement:

Having agreed procurement strategy, Impart links drafted a procurement programme, notices and document drafting commenced.

Tai Teulu Family Housing		Area A & B		Domestic Heating Maintenance
		Housing Repairs and Component Replacement		
Activity		Two Stage		Two Stage
		From	To	
001	Draft ITT and tender documents including Suitability Assessment Questionnaire	-	09-Dec	
002	Prepare procurement notice/ advertisement	-	05-Dec	
003	Draft pricing documents	-	09-Dec	
004	Publish advertisements and issue to known contractors	06-Dec		
005	Make tender documents available electronically	06-Dec		
006	Manage and track requests for documents and/ or Suitability Questionnaire (formerly PQQ)	06-Dec	06-Jan	
007	Address queries	06-Dec	30-Dec	
008	Suitability Questionnaire return deadline	06-Jan		
009	Draft evaluation tools and guidance	-	06-Jan	06-Jan
010	Resident and staff briefing, Evaluation Panel briefing/ awareness	11-Jan		
011	Suitability Questionnaire evaluation involving Evaluation Panel of residents and cross organisational staff	11, 12 and 17 Jan 2017		18-Jan
012	Report and recommendation	-	19-Jan	
013	Approvals	-	20-Jan	
014	Invitation to Tender	4 weeks allowed	25-Jan	
015	Tender Return		21-Feb	
016	Meet the Buyer Event		w/c 6 February 2017	
017	Submission Evaluation	Compliance, Quality and Price	20-Feb	03-Mar
018	Quality Evaluation involving Evaluation Panel of residents and cross organisational staff		23, 24 and 28 Feb 2017	01-Mar
019	Validation, Interviews, Site Visits		Optional	
020	Draft ITT Report and Tender Recommendations		-	03-Mar
021	Review outcomes		06-Mar	
022	Issue Board Papers		08-Mar	
023	Approvals	Board 15th Mar 2017 & 19 April 2017	15-Mar	
024	Award		17-Mar	
025	Draft contract documents		17-Mar	
026	Pre-start meeting		21-Mar	
027	Commence Mobilisation Period		27-Mar	05-May
028	Contract training and awareness		tbc	
029	Commencement		08-May-17	08-May-17

There were no Leaseholder implications for this procurement, however, Impart links are experienced in assisting with the issuing of statutory leaseholder notices. Similarly, this was a below EU threshold procurement, however Impart links are experienced in drafting and issuing EU contract and other key notices.

Notices were posted on the Sell2Wales website (*Contracts Finder equivalent*) and on FHA procurement portal, e-tender Wales/ Bravo Solutions. Impart links managed all procurement processes, document uploads and communications on behalf of FHA via the portal.

A Suitability Assessment Questionnaire (SAQ) (formerly known as PQQ) was drafted onto the portal using the UK Governments standard template plus scored quality questions. Tender documents were drafted and uploaded with the SAQ.

At Impart links we believe that housing repairs and work is 50% technical input and 50% resident experience when work is undertaken.

We have a comprehensive library of Housing and People/ Service friendly tender document templates including:

- Invitation to tender
- Preliminaries
- Specifications
- Pricing tools and models
- Quality questions
- Warranties and guarantees, etc.

Using Impart links tender document library as a starting point and by adopting an iterative approach to bespoke document development (a “draft” to review and comment on; then decide “use”, “lose”, “amend” or “sleep on it”); we worked with key FHA staff to draft tender documents, pricing models, service standards, specifications and requirements that meet FHA needs and aspirations as well as those of residents.

Very often we use clients existing contract documents as a starting point for drafting tenders, however, whilst FHA were very clear about their requirements, they were not captured sufficiently for tender purposes, so we helped them by drafting documents from scratch.



Suitability Assessment Questionnaire evaluation was led and managed by Impart links as follows:

Section		Who	Notes
1	Supplier Information	Impart links	-
2	Mandatory Exclusion		
3	Discretionary Exclusion		
4	Economic & Financial	FHA Finance Director	For contractors selected to tender.
5	Technical & Professional Ability and Resources	Impart links and FHA Head of Property	-
6	Supplementary Questions		
7	Quality Questions	FHA cross organisational team comprising Tenant Panel members and staff from Housing, Care & Support and Property	Scored 0 to 4



Repairs, Component Replacement and Central Heating Servicing, Repair & Maintenance & Plumbing Repairs



4.5 Suitability Questionnaire Evaluation Summary Outcome

		Contract for Housing Repairs and Component Replacement in Two Lots; Area A East							
Section		1	2	3	5	6	7	8	Rank
Ref:	Contractor:	Supplier Information	Mandatory Exclusion	Discretionary Exclusion	Economic & Financial	Technical & Professional Ability	Supplementary Questions	Quality Question Score/ 100	
001		Data Protection registration required	Pass	Pass	Pass	Pass	Public liability insurance £10,000,000; Professional Indemnity insurance £5,000,000; ISO accreditation for Quality Assurance procedures; Construction Skills Certification Scheme required if awarded the Contract.	16.50	6
002		Pass	Pass	Pass	Pass	Pass	Public liability insurance £10,000,000; Professional Indemnity insurance £5,000,000; Disclosure & Barring Service checks required if awarded the Contract.	78.25	2
003		Pass	Pass	Pass	Pass	Pass	Public liability insurance £10,000,000; Professional Indemnity insurance £5,000,000; required if awarded the Contract.	43.75	4
004		Pass	Pass	Pass	Pass	Pass	Pass	96.00	1

Scored quality questions were derived from Impart links library and specific requirements, e.g. IT integration and Community Benefits and scenarios e.g. the different service approach to replacing a kitchen for a vulnerable resident and residents generally.

FHA made a significant time and resource commitment to evaluating scored quality questions at selection and award stage – 4 working days at each stage.

Team members were briefed before evaluation commenced.

Housing Repairs and Component Replacement

3.5 Evaluation and Scoring shall be as follows:

		Lots 1 & 2	Lot 2 ONLY
Evaluation criteria:		%	
1	Organogram and Resources	5	6
2	Mobilisation Plan and Statement	10	12
3	Management of Health and Safety	10	12
4	Management and Delivery – Empty Homes/ Void Repairs	5	5
5	Management and Delivery - Appointments	5	5
6	Materials Management	5	5
7	Resident's Experience	10	12
8	Scenario 1 – Electrical Response Repair or Tenant Damage	5	5
9	Scenario 2 – Managing Complaints	5	5
10	Cost Management - Open Book Cost Management and Actual Cost Plus	7	8
11	Cost Management – Invoicing and Payment	10	12
12	Managing the Supply Chain	10	n/a
13	Value for Money	5	5
14	Community Benefits	8	8



Each response was evaluated by two teams and scores were validated following the evaluation of a single question for each contractor. No more than one point difference was allowed between the teams and consensus had to be reached.

When scoring questions, each team also recorded

reasons for their score which was to be feedback to contractors at both selection and award stage.

During the tender period, FHA and Impart links held a “Meet the Buyer” event to:

1. Provide feedback from the selection stage
2. Run through tender pricing models and requirements
3. Provide guidance on completing quality questions and pricing documents
4. Take and respond to questions





Quality question scored responses top tips (gathered from the industry)

- Understand the context**
 - ~ Read the tender documents
 - ~ Pick out the rules and specific issues
 - ~ Identify and understand risks
 - ~ Plan in good time
 - ~ Look at FHA website – culture, directors, values, etc.
 - ~ Do your research
- Follow the instructions given**
 - ~ To a "Tee"; only provide alternatives if allowed
- Answer the question fully**
 - ~ In the first ½ page
 - ~ Be clear/ specific/ bespoke and add in evidence as an appendix if allowed
 - ~ Provide details of who, what, when, how.....
 - ~ Use examples, what you do or do differently; learning – frame them to suit the question
 - ~ Name your clients and the systems/ processes you use



Pricing top tips (gathered from the industry)

- Read the guidance notes/ instructions**
 - ~ Read the tender documents
 - ~ Pick out the rules and specific issues
 - ~ Identify and understand risks
 - ~ Plan in good time
- Raise a query if you don't understand**
 - ~ Via the Bravo Solutions website
- Read and understand the specification and operational handbook**
 - ~ Accurately
 - ~ Responsibly
 - ~ Prices that ensure the work and service can
 - a) Be delivered
 - b) Are commercially viable for you
 - ~ FHA relies on you to price fairly and realistically
- Price everything you have been asked to price**



Repairs & Component Replacement - LOT 1&2 - Area A				
1.1 Building Response/Reactive Repair Work				
Contractor to price or complete yellow highlighted boxes				
Open Book Pricing Option				
7	Management Cost			£0.00
9	Labour Cost			£0.00
11	Vehicle Costs			£0.00
13	Subcontract Costs			£0.00
15	Material Costs			£0.00
17	Plant & Equipment Costs			£0.00
19	Other Costs not Covered Elsewhere			£0.00
21	Unquantified Works			Not part of the evaluation
23	Sub total 1			£0.00
25	Overheads - applicable to Sub total 1		%	£0.00
27	Sub total 2			£0.00
29	Base Profit - applicable to Sub total 2		%	£0.00
31	Performance Profit - applicable to Sub total 2		%	£0.00
33	Annual Target Cost			£0.00
35	Number of Properties	1,316		
37	Price Per Property	£0.00		
41	Number of Repairs	1,054		
43	Price Per Repair	£0.00		
Fixed Price Pricing Option				
Description	Qty	Unit	Rate	Total (€)
Building Repair - in normal working hours	362	Nr		£0.00
Building Repair - out of hours	32	Nr		£0.00
Unquantified Works of a Specialist nature which may be high value and may or not be instructed through the contract - see handbook for further details.				Not part of the evaluation
				£0.00
Number of Properties	1,316			
Price Per Property	£0.00			
Number of Repairs	1,054			
Price Per Repair	£0.00			

Repairs pricing models

Repairs & Component Replacement Lot 1 and 2 Area B

Total Tendered Sum	Open Book & Fixed Price Option	Fixed Price Option
£294,252.41	£294,252.41	£294,252.41
LOT 1		
1.1 Building Response/Reactive Repair Work	£0.00	£0.00
1.2 Empty Home/Void Repair Work	£0.00	£0.00
1.3 Kitchen Replacement	£0.00	£0.00
1.4 Bathroom Replacement	£0.00	£0.00
1.5 Shower Installation/Replacement Work	£0.00	£0.00
1.6 General Planned Work	£0.00	£0.00
1.7 Rendering Work	£0.00	£0.00
1.8 Drainage Work	£0.00	£0.00
1.9 Roofing Work	£0.00	£0.00
1.10 Door Replacement Work	£7,816.73	£7,816.73
1.11 Window Replacement Work	£63,751.69	£63,751.69
1.12 Physical Adaptation Grant (PAG) Work	£24,948.00	£24,948.00
1.13 General Building Daywork Rates	£31,806.00	£31,806.00
LOT 2		
2.1 Electric Response/Reactive Repair Work	£350.00	£350.00
2.2 New Electric Heating Installations	£0.00	£0.00
2.3 Periodic Electrical Inspection & Testing	£0.00	£0.00
2.4 Electrical Repairs	£0.00	£0.00
2.5 Electrical Daywork Rates	£350.00	£350.00

At the time of drafting this response, tenders are being evaluated with a view to awarding contracts during March 2017.