



**DUMFRIES & GALLOWAY HOUSING PARTNERSHIP  
BOARD MEETING**

**Wednesday 22nd September 2021**

**AGENDA**

1. Apologies for Absence
2. Declarations of Interest
3. a) Minute of 18 August 2021 and matters arising  
b) Action List
4. NETs mobile working (presentation)
5. Revive project (Presentation)
6. [redacted]
7. DGHP Repairs Subcontracts award
8. AOCB



Action point	Update
Update on our approach (to Equality Impact Assessments) provided at the appropriate time	<p>The Group Executive have approved a revised EIA template, guidance and training which is currently being finalised for roll out across the wider Group. Additionally, Internal Audit have recently concluded a review of our approach to equality and human rights more widely. This included the development of a plan to prepare for the SHR regulatory requirements in this area. A specific update on this plan will be provided to the Board in November.</p> <p>An EIA approach was used for the customer element of the new operating model we plan to consult on (subject to an agenda item).</p> <p>As noted in the Board appraisal process, we intend to cover this area more widely as part of our Board CPD programme.</p>
Update on the approach to sustainability within the NETs service be brought to a future meeting	Update assumed for November Board meeting.
Update to be provided on bursary awards to DGHP tenants	Update to be provided at November meeting.
Update on KSB metrics and the work of the NET's	As part of update above – November Board meeting.
Update on sheltered housing review	Update to be provided at November Board meeting.



## Report

**To:** DGHP Board

**By:** Matt Foreman, Managing Director (DGHP)

**Approved by:** Steven Henderson, Group Director of Finance

**Subject:** DGHP Repairs Subcontracts award

**Date of Meeting:** 22 September 2021

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### 1. Purpose

- 1.1 The purpose of this report is to seek DGHP Board approval for the renewal of DGHP's In-House Repairs Trades Subcontractor Services contracts, with the following organisations to be appointed across the following trades:

Trade	Subcontractors Appointed
Asbestos Services	Strada Environmental Ltd and Enviraz (Scotland) Ltd
Cleaning	Carters Cleaning Company, Cleanmaster, RB & S Peacock Cleaning Services and Stranraer Fencing & Services
Drainage	SOS Drains Ltd
Fencing & Grounds Maintenance	Bell Decorating Group Ltd, Stranraer Fencing & Services and Derek Fitzgerald Landscapes
Flooring	Roberts Carpet Supplies
Glazing	Glass & Glazing (Dumfries) Ltd
Joinery	Powermac Joinery Ltd and Bell Decorating Group Limited
Painting & Decorating	Dumbreck Decorators Ltd, AJM Decorating Ltd and Mitie Property Services (UK) Ltd
Plastering	Keith Logue & Sons Plasterers and OM Plastering
Roofing & Scaffolding	William Duncan Roofing, Lee Glover Roofing Contractors Limited, Starfish Construction Ltd and William Dempster Roofing Ltd

- 1.2 The contracts are to be awarded for an initial period of two years, with the option to extend for a further 12 months. The exception to this is cleaning, where this is a reduced term of 12 months plus a possible 12 months extension, as future need may reduce completely, once the NETs team is fully established in DGHP.
- 1.3 The anticipated maximum spend across all contracts across this possible three-year contract duration is approximately £6.2m including VAT. This value is based on previous usage and the recent introduction of NETs teams across Dumfries and Galloway. The latter aspect will reduce the level of outsourced void cleaning previously carried out by subcontractors.

## **2. Authorising and strategic context**

- 2.1 Under the Scheme of Financial Delegation (SoFD) and Group Standing Orders, the award of contracts is based on the financial value over the life of the contract. Under the Scheme, Group Board approval is required for contracts relating to revenue expenditure of over £1m.
- 2.2 The estimated contract value is conservative on the basis that we now have an in-house repairs (“IHR”) team that should carry out the majority of reactive and cyclical repair works. The actual spend may be below £6.2m and no work is guaranteed for any subcontractor.
- 2.3 Subcontractors may be required as back up if the internal resource is unavailable or cannot cover an area of Dumfries and Galloway. They may also provide specialist services which are not currently resourced by DGHP.
- 2.4 The contract duration provides flexibility to make informed decisions around the long-term need for some trades and it may be appropriate to seek to bring some additional trade resources in-house.
- 2.5 We will explore future opportunities to in-source particular trades where these are not specialist and there is a business case for employing in-house staff. Over the next 12 months we will be focussing on the review of flooring, glazing and painting and decorating, in addition to reviewing the size of our current in house trades teams to ensure we are right-sized to deliver services based on projected customer demand. There are no direct TUPE implications due to the reactive nature of these works. However, over the coming 12 months DGHP will continue to review trade labour requirements.

## **3. Risk appetite and assessment**

- 3.1 The Group’s risk appetite in respect of Laws, Regulations and Covenant Compliance is averse, ie avoidance of risk and uncertainty is a key organisational objective.
- 3.2 The award of this contract is fully compliant with all relevant procurement legislation and presents no increased risk to the Group.

## **4. Background**

- 4.1 Sub-contractors historically supported the external lead repairs service provider to DGHP. Connaught (2008), Lovell (2013) and Morgan Sindall Property Services (2015) had a large sub-contracting element built into their service provision. This would be pre-determined and built into financial budgets.
- 4.2 Strada Environmental Ltd, Enviraz (Scotland) Ltd, Carters Cleaning Company, Cleanmaster, RB & S Peacock Cleaning Services, Stranraer Fencing & Services, SOS Drains Ltd, Bell Decorating Group Ltd, Derek Fitzgerald Landscapes, Roberts Carpet Supplies, Powermac Joinery Ltd, AJM Decorating Ltd, Mitie Property Services (UK) Ltd, Keith Logue & Sons Plasterers, William Duncan Roofing, Lee Glover Roofing Contractors Limited and William Dempster Roofing Ltd provided sub-contracting services to Morgan Sindall pre Wheatley creating the DGHP IHR Team in April 2020 and have established

local workforces across Dumfries and Galloway to cover the service requirements of DGHP.

- 4.3 Dumbreck Decorators Ltd, OM Plastering and Starfish Construction Ltd were awarded direct contracts by DGHP pre-Group and were used from time to time to augment Morgan Sindall's (and their subcontractors') capacity.
- 4.4 Operational and financial due diligence checks were done of these contractors in early 2020 for safe-guarding DGHP.
- 4.5 Prior to the transfer of the in-house repairs team in April 2020, a decision was taken to award 12-month contracts to these subcontractors to allow service continuity and ascertain future usage whilst the new repairs service transferred. Procurement waivers were issued for all key subcontractors.
- 4.6 Two new trades were added to provide additional resource. These trades are flooring and fencing/grounds maintenance. These are seen as secondary services where DGHP staff are currently requesting quotes for this work or for fencing and grounds maintenance to provide services not covered by DGHP's Grounds Maintenance contract for the Wigtownshire area.

## **5. Customer engagement**

- 5.1 Engagement with tenants was not directly applicable to this tender. Internal customer engagement was carried out with DGHP's In-house Repairs Team to establish our future requirements per trade and geographical area. This included the possible on boarding of a broader range and increased numbers of subcontractors to provide wider coverage particularly in the west of the region and to provide a wider level of competition for some trades.
- 5.2 The group Procurement Team and DGHP's In-house Repairs Team engaged with Procurement for Housing in the creation of industry standard trade specifications and to assist in the running of the procurement process across multiple trades.

## **6. Discussion**

- 6.1 The new contracts have been procured via Procurement for Housing's (PfH) Dynamic Purchasing Systems (DPS) for Capital Works, Compliance Services and Responsive & Voids, as per the table below. All tender packages were subject to a mini-competition tender process and Subcontractors were invited to participate based on anticipated need and existing contractors appointed to PfH's DPS could also participate.

Contract Requirements	DPS Solution	DPS Category
Asbestos	Compliance Services	Asbestos
Builders	Responsive & Voids	Specialist
Cleaning	Responsive & Voids	Specialist
Decoration	Capital Works	Cyclical Painting
Drainage	Responsive & Voids	Specialist
Fencing/Garden works	Responsive & Voids	Specialist
Flooring	Responsive & Voids	Specialist
Glazing	Responsive & Voids	Specialist
Joinery	Responsive & Voids	Specialist
Plastering	Responsive & Voids	Specialist
Roofing & Scaffold	Capital Works	Roofing

6.2 The tender process consisted of eleven mini-competition tender processes across the trades mentioned in the above table. To ensure that local small and medium enterprises could participate, each trade was sub-lotted into the four geographical areas. From a DGHP perspective, this approach was taken to maximise contract coverage.

6.3 At least one bid was received for all trades. The table below details the number of bids received per trade, the number of subcontractors appointed and reasons given for rejected tenders.

Trade	Bids Received	No of Contractors Appointed	No of Contractors Rejected
Asbestos	3	2	1
Builders	1	0	1
Cleaning	5	4	1
Painting & Decorating	5	3	2
Drainage	1	1	0
Fencing & Grounds Maintenance	3	3	0
Flooring	1	1	0
Glazing	1	1	0
Joinery	2	2	0
Plastering	2	2	0
Roofing & Scaffolding	4	4	0

6.4 In circumstances whereby we have four subcontractors appointed, this is due to the limited geographical areas covered by the subcontractors. There are also gaps in coverage, for example Drainage in Wigtownshire, Annandale & Eskdale and Nithsdale are not covered by subcontractors. DGHP staff will be required to seek best value quotation(s) for these trades/areas.

6.5 Tenders were evaluated based on three key elements:

- Tenderer's response to a Supplier Questionnaire, to ensure Due Diligence check could be carried out;
- Tenderer compliance with the industry standard trade specification included in the tender package; and
- Prices submitted. Pricing was evaluated based on DGHP's Schedule of Rates (SOR) assessed on the basis of usage per trade since the inception

of the In-House Repairs Team in April 2020. The quotes were also compared to previous prices from the same contractors.

- 6.6 Prices have generally increased per trade, except painting & decorating, as shown in the table below:

Trade	Variance +/-
Asbestos	5.44%
Cleaning	6.09%
Painting & Decorating	-5.58%
Drainage	22.49%
Fencing & Grounds Maintenance	N/A (new contractor)
Flooring	N/A (new contractor)
Glazing	20.40%
Joinery	15.93%
Plastering	17.09%
Roofing & Scaffolding	1.92%

- 6.7 Material price volatility has had a large bearing on price increases. Almost every trade material type has been subject to price increases due to both Brexit and the Covid-19 pandemic affecting supply chains.
- 6.8 The volatile nature of materials prices shall be monitored as part of quarterly contract management reviews to avoid significant issues from developing during this contract.
- 6.9 Due to the reactive nature of works and no guarantee given to subcontractors on the volume of works they may receive we were unable to include direct community benefit obligations on subcontractors. However, this will be reviewed as part of quarterly contract reviews with primary subcontractors during the contract as a voluntary consideration.

## **7. Digital transformation alignment**

- 7.1 There are no implications to digital transformation alignment in this report.

## **8. Financial and value for money implications**

- 8.1 The award of these new contracts enables DGHP IHR Team to call upon a secondary resource to facilitate a repairs service across the Dumfries and Galloway region.
- 8.2 The 2021/22 budget for repairs and maintenance in DGHP is based on experience of prior years' spend, outwith the pandemic. We will continue to closely monitor our repairs budgets during 2021/22 given the volatile nature of construction pricing at this time and use any insight gained to help shape the future business plans. No additional budget is required as part of this procurement exercise.

## **9. Legal, regulatory and charitable implications**

- 9.1 PfH's procurement of the three Dynamic Purchasing Systems have been subject to a full OJEU process. The risk of a procurement challenge is considered low.
- 9.2 Financial performance will be routinely monitored via Equifax reporting where this is not available for the smaller sole traders, we will review financial accounts. Contract review meetings will be held monthly so that higher-risk contractors can be subjected to closer scrutiny. All works are paid for in arrears on satisfactory completion, limiting the risk.

## **10. Equalities implications**

- 10.1 There are no equalities implications for this report.

## **11. Environmental and sustainability implications**

- 11.1 As part of the Due Diligence aspect of this procurement process, tenderers were asked to confirm the nature of their environmental policies. The majority of our subcontractors confirmed that they had policies and submitted these as part of their tender bid. Where tenderers did not have these policies in place, they were asked to confirm that they would follow DGHP/Wheatley Group policies. Due to the relative size of some of our subcontractors, this could not be made a compulsory requirement.
- 11.2 Policies generally included the requirement for subcontractors to:
- Review environmental impacts pre-work;
  - Consider the use of sustainable materials and resource management;
  - Increase employee awareness and provide training opportunities;
  - Protect natural resources, watercourses and forestation;
  - Recycle and reuse material where possible and minimise waste; and
  - The safe transportation and dispose of waste materials.
- 11.3 No subcontractors stated that they will not comply with environmental regulations or requirements placed on them by DGHP.
- 11.4 No specific environmental requirements were placed on subcontractors in respect of their fleet. This was due to the small stature of most of the subcontractors. However, where possible, DGHP staff will allocate jobs to minimise travel.
- 11.5 DGHP trade specifications included requirements for the use of sustainable materials such as timber to be used on IHR subcontractor contracts. This requirement includes provision in respect of any sub-subcontracting arrangements in place.

## **12. Recommendations**

- 12.1 The Board is requested to:

- 1) Approve the appointment of the following Primary subcontractors based on a maximum contract value (inclusive of VAT) over a possible three year period:

Trade	Subcontractor	Contract Value
Painting & Decorating	Dumbreck Decorators Ltd	£1.08m
Drainage	SOS Drains Ltd	£360k
Glazing	Glass & Glazing (Dumfries) Ltd	£300k
Joinery	Powermac Joinery Ltd	£2.3m
Plastering	Keith Logue & Sons	£180k
Roofing	William Duncan Roofing	£1.2m
Asbestos Services	Strada Environmental Ltd	£300k
Flooring	Roberts Carpets	£180k
Fencing/ Grounds Maintenance (Wigtownshire area)	Stranraer Fencing and Services	£180k
	<b>Total</b>	<b>£6.08m</b>

- 2) Approve the appointment of the following secondary subcontractors based on a possible three-year period:

- Enviraz (Scotland) Ltd – Asbestos Services;
- OM Plastering – Plastering;
- AJM Decorating Ltd – Painting & Decorating;
- Bell Decorating Group Limited – Joinery, Fencing & Grounds Maintenance and Painting & Decorating;
- Mitie Property Services (UK) Ltd – Painting & Decorating;
- Derek Fitzgerald Landscapes – Fencing & Grounds Maintenance;
- Starfish Construction – Roofing & Scaffolding;
- W Dempster Roofing Ltd – Roofing & Scaffolding; and
- Lee Glover Roofing Constructor Ltd – Roofing & Scaffolding.

- 3) Approve the appointment of the following Primary subcontractors based on a maximum contract value (inclusive of VAT) over a possible two-year period:

Trade	Subcontractor(s)	Contract Value
Cleaning	Carters Cleaning Company, Cleanmaster and RB & S Peacock	£120k
	<b>Total</b>	<b>£120k</b>

- 4) Approve the appointment of the following secondary subcontractor based on a possible two-year period:

- Stranraer Fencing and Services – Cleaning.