

**SWYDDFA CYMORTH Y CABINET
CABINET SUPPORT OFFICE**

Fy Nghyf / My Ref: CM40444
Dyddiad / Date: 19th Nov 2018

Councillor Mary McGarry
E-Mail



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Appendix A

Annwyl/Dear Mary,

CASC; Voids Management

Thank you for your letter dated 15 October 2018 regarding the issues with void property management under the new Building Maintenance Framework. I can confirm the following in response to your comments:

Development of an in house provision

I share your frustration in terms of the problems and challenges of delivering void works through contractors and note your support of in-house provision. As stated during the Committee meeting a start has been made towards delivering work in-house. A new team of directly employed operatives has been established to take forward smaller works and a business case is currently being drafted for the establishment of a larger team to deliver more extensive works. I would be happy to report to a future committee on progress with this.

As you are aware, officers visited Swansea council as part of the voids project and have learnt from this visit. Please find attached in **Appendix 1** the contact details of officers in Swansea so that the Committee can arrange a visit. I would note however that, in the Swansea model, far less works are carried out while the properties are void than is currently the case in Cardiff and this will need to be considered in any future delivery proposals.

Void Rent Loss

As at 5th November 2018 the rent loss totalled £619,812. This equates to 1.45% of the current rent debit and at present is within the set performance indicator.

Performance of Outgoing Contractor

I note your concerns that the outgoing contractor Ian Williams did not honour the works and that this could have been foreseen.

ATEBWCH I / PLEASE REPLY TO :

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Glanfa'r Iwerydd / Atlantic Wharf , Caerdydd/Cardiff, CF10 4UW
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GWEITHIO DROS GAERDYDD, GWEITHIO DROSOCH CHI

Mae'r Cyngor yn croesawu gohebiaeth yn Gymraeg, Saesneg neu'n ddwyieithog. Byddwn yn cyfathrebu â chi yn ôl eich dewis, dim ond i chi roi gwybod i ni pa un sydd well gennych. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

WORKING FOR CARDIFF, WORKING FOR YOU

The Council welcomes correspondence in Welsh, English or bilingually. We will ensure that we communicate with you in the language of your choice, as long as you let us know which you prefer. Corresponding in Welsh will not lead to delay.



The contract with Ian Williams did require that they continue to fulfil their obligations until the date of expiry of the contract. In reality their workforce started to leave them to work for other contractors and they were unable to supply enough skilled workers to complete the properties. While this was foreseen as a potential risk, unfortunately there was little that could have been done to mitigate this.

The new void contract which is being procured will have a contract length of 2 years with the option to extend for a further 2 years. Therefore, it will overlap with the existing contract. This together with the in house team should reduce the impact of any transition to future contracts.

Screening process for new contractors

I note the Committee's concern that there was insufficient screening of new contractors to ensure their financial viability. A full assessment of financial viability of the contractors was undertaken by the Council's Financial Services section at the Pre-Qualification Questionnaire stage and all contractors met the set requirements before being invited to tender.

The issue that arose was with the tendered rates submitted by R&M Williams, which the contractor stated were not sufficient to carry out the works. As with all the bidders R&M Williams had all the information necessary to make an informed bid for the works.

As explained in the Committee meeting, R&M Williams alleged that due diligence was not carried out by the Council to check that their bid was not under-priced. This was not the case, proper checks were carried out and this was eventually accepted by R&M Williams.

As part of the procurement process the schedule of rates/prices for each of the bidders were reviewed. A "basket of works", comprised of a sample of the most common orders for void works, was put together and costed using their proposed rates. This process it did not highlight any issues with the costs being proposed for any of the bidders.

It is worth noting that R&M Williams were not the lowest priced bidder for the voids works. The contractor with the lowest prices overall continues to work for Cardiff Council and are assisting with taking additional void properties from the backlog and is not reporting any issues with the financial viability of the contract.

Penalties to prevent contractors to pulling out of contracts

The contract with R&M William did allow them to withdraw from the contract provided they gave a set amount of notice, in this case 2 months, which they did adhere to, although they were gearing down during that period. In theory this gave time to reallocate the work to the remaining contractors; unfortunately only one contractor was willing to take on this additional work.

General legal opinion is that, if the Council has an option to withdraw from a contract then the contractor should have a similar option. Having said that further consideration will be given to lengthening the notice period required in future contracts, to increase the time available to reallocate work.

Clarity of the amount of works for which contractors will be responsible

The tender pack for the Building Maintenance Framework included as much detail as possible about the nature and amount of the void works. The number of voids for the previous 3 years was provided and it was clearly explained that there would be peaks and troughs within the work stream as it is not possible to predict a fixed number of void properties each month.

Planning for void works is particularly difficult because not only does the number of properties vary but also the works required within each property also varies significantly. It is because of this difficulty in predicting the works that the decision was made to contract for voids alongside smaller planned works, allowing them to have a larger workforce. For this to be successful however contractors have to be able to use their workforce flexibly across different types of works and this is not always the case.

Awarding of contracts once the contractor is already geared up

I completely understand the Committee's frustration about the amount of time it takes a contractor to gear up following contract award; however it is normal practice to allow an implementation period, usually of 3 months.

Unfortunately, it is not feasible for a contractor to have geared up prior to contract award. This would require all the bidders who submitted a tender to have already employed up to 40 operatives, purchased vans, equipment and stock on the basis that they may win the tender. Also TUPE rights also need to be considered with some operatives transferring from the outgoing to the new contractors. Although some TUPE information is provided as part of the tender pack, the bidders could not be sure at the time they submitted the tender how many operatives would be filled via TUPE and how many they would need to employ.

Once the contract has been awarded and TUPE issues have been resolved it is necessary to recruit the workforce, with the current demand for tradespeople this has also been challenging leading to delays in full implementation.

In the same way, a bidder could not be expected to commit to subcontractors or supply chain until the contract is awarded, it would be unreasonable to ask this level of commitment at the Tender stage.

Implementation of penalties

Officers have delayed the implementation of penalties due to the very real risk of a further contractor pulling out of the Framework and the difficulties that this would pose. I appreciate that this cannot continue indefinitely and contingency arrangements are being put in place to manage any issues once the penalties have been applied.

Monthly breakdown of voids / Quarterly updates

A monthly breakdown of voids over the past 12 months is provided below as requested.

New Voids in Month 2017/18	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	Total
	75	57	50	69	58	51	81	51	50	47	59	80	728

New Voids in Month 2018/19	April	May	June	July	Aug	Sept	Oct	Total YTD
	83	63	55	78	73	62	89	503

Officers would be happy to report on progress quarterly. It is proposed that the first update is provided in January 2019.

I trust the information provide in this letter is of assistance.

Yn gywir
Yours sincerely


Councillor / Y Cynghorydd Lynda Thorne
Cabinet Member for Housing & Communities
Aelod Cabinet dros Dai a Chymunedau

Appendix 1:

Contact details for Nigel Williams, manager of voids and responsive repairs in Swansea:

Nigel.Williams@swansea.gov.uk

