

Guildford Borough Council

Report to: Executive
Date: 27 February 2025
Ward(s) affected: All Wards
Report of Strategic Director of: Finance and Resources
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Lead Executive Member: Councillor Richard Lucas
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Status: Open
Key decision: Yes

Variation to 1 year contract to deliver void works

1.0 Executive Summary

- 1.1 The purpose of this report is to seek approval from Executive to enter into a contract variation to increase the value of the contract with Kinraig to deliver void works across the borough by an additional £864,000.
- 1.2 The original procurement had estimated that the value of repairing housing void for a period of 12 months (until September 2025) would be in the region of £700,000. However, due to the necessary work instructed by GBC officers the original £700,000 contract value will be exceeded by end of March 2025 because the stock is in poorer condition than anticipated and therefore requiring more component replacements and more work to be done than previously envisaged.
- 1.3 The Procurement and Housing teams are currently preparing tender documents to appoint a contractor to complete void repairs over a longer contract period, and it is estimated that the tender will be completed during the summer of 2025.

2.0 Recommendation to Executive

That Executive resolves to:

- 2.1 Enter into a contract variation with Kinraig to increase the value of the Voids Contract by a further £864,000.

3.0 Reasons for Recommendations

To enable the council to continue undertaking and managing the refurbishment of void properties so that these can be relet.

4.0 Status of Report

Open

5.0 Strategic Priorities

This contract supports the council's strategic priorities for decent and affordable homes and a resilient and well managed council.

6.0 Background

- 6.1 On 3rd October 2024, the Executive approved the award of a 1 year contract with an anticipated estimated value of £700,000 to KinCraig Construction Limited following a tender process. The procurement was conducted compliantly in accordance with the Procurement Procure Rules in place at the time of the tender and in accordance with relevant legislation. The intention was that KinCraig would complete a twelve-month contract during which the Council would be able to complete a tender for a longer-term solution.
- 6.2 However, as the values of repairing voids is above the pre-tender estimate, the Council is in a position that we will breach the value of the award by the end of March. It is estimated that our procurement for a new longer-term contractor will be completed in July 2025.
- 6.3 The estimated spend on voids has varied due to historical issues with housing which meant that at the time of undertaking the Procurement to appoint KinCraig, the estimated cost per void was underestimated.
- 6.4 The specification of works per void is set out by GBC staff for each individual home.
- 6.5 The price of each void is calculated on a bill of quantity basis set out by the Council's staff. This is then subject to a mark-up.
- 6.6 At the original tender, tenderers had the opportunity to compete to submit a commercial return with a % mark up for these industry limits.
- 6.7 Based on current spend patterns, the average cost of a void procured under the existing contract is £12,000. We are currently managing 4 voids per week, which means that until July (from

March) we would need another 18 weeks. Therefore, 18 weeks x 4 (voids per week) x £12,000 (estimated cost per void) – a further £864,000.

- 6.8 The increase in contract value should not be viewed as a price increase. The increase in contract value is due to the volume of works per void being more than originally anticipated. Consequently, the voids require significantly more work such as new bathrooms, kitchens and so on. As an example – 50% of our voids now require a new kitchen. The team have also improved the specification to improve ventilation to prevent damp and mould and adhere to increased electrical requirements.

7.0 Options

- 7.1 **Wait for the long-term voids contractor to be procured:** The long-term voids contractor should be appointed in Summer 2025 but will take time to mobilise. If the spend limit of £700,000 is reached by Kincaig by March 2025, then this will leave at least a two-month period where the Council does not have a contractor to manage large scale voids. Resulting in increased periods of non-occupancy – thus not meeting housing needs nor maximising income.
- 7.2 **Run another sub threshold tender:** Not considered a viable option in the timescale available, in addition it will divert resource away from the existing procurements, including the longer-term void contract, underway across housing.
- 7.3 **Do nothing: spend up to the value of the existing contract.** This is likely to result in a gap of delivery of voids whilst the procurement is undertaken. The direct labour team (DLO) is dealing with minor voids but cannot cope with the type of voids that the Kincaig and future contracts are designed to deliver. The delivery of voids is a key target of the Housing Improvement Plan and is also being monitored by the Housing Operations Board chaired by the Leader of the Council and Overview and Scrutiny. There is a real political and social imperative to maintain void delivery.

8.0 Consultation

- 8.1 The Portfolio Holder for Housing was advised of the current position and supported the proposal.
- 8.2 Consultation was sought with Procurement and Legal services prior to and during the procurement process.

9.0 Key Risks

Failure to approve the contract variation will mean that there will be a pause in repairing voids whilst a new contractor is procured and mobilised.

10.0 Legal and Governance Implications

- 10.1 On 3rd October 2024 the Executive approved the award of a 1 year contract with an anticipated estimated value of £700,000 to Kincaig Construction Limited following a tender process. The procurement was conducted compliantly in accordance with the Procurement Procure Rules in place at the time of the tender and in accordance with relevant legislation.
- 10.2 Any approved variation will be documented by a formal variation.
- 10.3 The Voids Contract is a Works Contract (not Services). As such the value of the Contract with the increase in contract value under the proposed variation would still be below threshold so technically the Public Contracts Regulations (PCR) are not applicable. Although, if they were applicable PCR 2015 would be applicable rather than the new Procurement Act 2023 as the original contract would have been governed by PCR 2015.
- 10.4 Under the new Scheme of Delegation and Contract Procedure Rules the decision to enter into a contract which results in a Key Decision should be taken by Executive. This variation meets the definition of a Key Decision as the value of the contract exceeds £200,000.

11.0 Financial Implications

The budget has been approved and spend will be monitored in accordance with contractual limits.

12.0 Human Resources Implications

This will be dealt with within existing resource to there are therefore no HR implications.

13.0 Equality and Diversity Implications

Any potential equality and diversity implications have been fully considered and it is determined that there is no potential adverse impact on any of the protected groups.

14.0 Climate Change and Sustainability Implications

Kincraig in their original tender return committed to a wide range of measures to support the Council's 2030 net zero aim. This is supported by a wide range of policies they have in place including measure and reducing scope 1 and 2 emissions.

15.0 Next Steps

Subject to Executive approval enter into a contract variation to increase the value of the Voids Contract with Kincraig.

16.0 Background Papers

Executive Report, 03 October 24, 'Award of 1 year contract to deliver void works'

17.0 Appendices

None

Report clearance progress:

Finance	Jo Knight	12 February 2025
Legal & Governance	Tom Edwards	14 February 2025
Human Resources	Insert name	Insert date cleared
Equalities	Insert name	Insert date cleared
Strategic Director	Julian Higson	12 February 2025