

Northern Ireland Housing Executive



## Achieving Excellence in Construction Procurement Strategy

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## FOREWORD

When the Northern Ireland Housing Executive ('the Housing Executive') was formed in 1971 it faced some of the worst housing conditions in Western Europe. Since then we have seen unfitness fall from 20% to less than 4%, built over 80,000 homes, housed more than 520,000 people, improved more than 400,000 homes in the private sector and sold over 110,000 homes to tenants. Importantly the organisation has won widespread acceptance in the community.

The Housing Executive has a unique role in Northern Ireland. We are one of the province's largest public sector organisations, with a budget in excess of £600 million, a staff of 3,500 and a network of local offices. Our strategic position together with our local presence enables us to make housing's contribution to better health, education and wellbeing. In addition, our work with communities on housing services and the issues that affect local neighbourhoods adds real value to decision-making, service development and higher standards.

The Housing Executive is one of seven Centres of Procurement Expertise (CoPE) in the Northern Ireland Public Sector. As a CoPE, we are committed to making the Housing Executive an exemplar of how the public sector in Northern Ireland and business can work together to improve the service to the public.

The implementation of this Achieving Excellence in Construction Procurement Strategy is a vital component in providing decent homes standards for our tenants in the most efficient and effective manner.

Paddy McIntyre, Chief Executive

## 1.0 INTRODUCTION

### 1.1 Purpose

This strategy outlines the Housing Executive's approach to the procurement of construction contracts during the period April 2006 to March 2009.

### 1.2 Key Drivers

The strategy and action plan will support the delivery of the Housing Executive's Corporate Plan 2006-07 to 2008-09 [www.nihe.gov.uk/corporateplan](http://www.nihe.gov.uk/corporateplan) and, in particular the following strategic objectives:

**Strategic Objective 1 - Delivering the Decent Homes Standard**  
The Housing Executive is responsible for delivering the Decent Homes Standards to Housing Executive dwellings in Northern Ireland (NI). A decent home is one that meets modern standards in relation to fitness, structure, energy efficiency, and facilities (for example, kitchens and bathrooms).

**Strategic Objective 6 - Better Public Services**

The Housing Executive is proud of its record in delivering high quality housing services. However, we will always try to improve the services provided by implementing the Achieving Excellence in Construction (AEC) strategy.

### 1.3 Annual Expenditure Plans

A breakdown of the Housing Executive's Annual Expenditure Plans for construction contracts by work category for the period April 2006 to March 2009 is at Appendix A.

## 2.0 PROCUREMENT STRATEGY

### 2.1 Current Position

The Housing Executive owns and manages approximately 98,000 dwellings<sup>1</sup> across Northern Ireland.

The Housing Executive has put in place an Achieving Excellence in Construction (AEC) strategy for sustained improvement in construction procurement performance and in the value for money achieved in construction contracts, including those involving maintenance and refurbishment. Key aspects include the use of long-term partnering contracts and development of long-term relationships, the reduction of financial and decision-making approval chains, increased awareness of health and safety on site, improved skills development and empowerment, the adoption of performance measurement indicators and the use of tools such as value and risk management.

By April 2007, around 70% of our housing maintenance budget will be delivered through long-term partnering contracts.

### 2.2 Key Principles

The Strategy is based on the following key principles:

1. Contracts should be awarded on the basis of achieving long term sustainable value for money, not just the lowest price.
2. Design should not be a separate process but should be integrated with the whole construction process.
3. Good planning, involving risk and value management, should be carried out.
4. Project management should be in place.
5. Contractors should be remunerated in a way which incentivises them to deliver good quality construction on time and to budget.
6. The performance of construction projects should be measured to assess whether costs, time and quality requirements are being met and the outcome being used to learn and disseminate lessons for future projects.

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<sup>1</sup>The Northern Ireland Housing Market: Review and Perspectives 2006 - 2009

### 2.3 Action Plan

The AEC programme for Financial Years<sup>2</sup> 2006-2007, 2007-2008 and 2008-2009 is conventionally funded and based on different work categories:

Work Category	Description	Number/value of Contracts	Duration	Key Action <sup>3</sup>
Repair Service	Response maintenance for unplanned work to Housing Executive Executive dwellings.	35 contracts awarded in two phases on a Housing Executive District Office basis (see Appendix B)	Each contract is for 4 years. The Estimated Annual Value of each contract ranges from £0.75m to £1.2m	Phase One Response Maintenance contracts will be re-tendered in 2008 and Phase Two will be re-tendered in 2010.
Central Heating	Design, install, maintain and service oil and gas-fired central heating systems	3 contracts awarded to cover all of Northern Ireland in 2001.	5 year contracts with the option to extend for a further six years.	The Housing Executive has elected to extend the current contracts by a further 4 years. It is likely that a maintenance services only will be re-tendered from 2010 onwards.
Revenue Replacement (RR) and External Cyclical Maintenance (ECM)	RR including kitchen and bathroom replacement. ECM includes repair, replacement and improvement to external elements of dwellings	Framework contract with between 3 and 5 contractors covering Housing Executive Areas. (see Appendix B)	4 years	To be advertised in September 2006.

<sup>2</sup> A Financial Year covers the period April to March.

<sup>3</sup> All tenders will be advertised on the NIHE website [www.nihe.gov.uk/tenders](http://www.nihe.gov.uk/tenders) and, if the value of the works contract is greater than £3,611,387 in the Official Journal of the European Union [www.ted.publications.eu.int](http://www.ted.publications.eu.int)

<b>Work Category</b>	<b>Description</b>	<b>Number/value of Contracts</b>	<b>Duration</b>	<b>Key Action<sup>3</sup></b>
Multi-elemental Improvements (MEI)	Planned improvement to dwellings including refurbishment, kitchen extensions, new bathrooms and central heating installations.	MEI is currently procured through traditional tendering procedures. The Housing Executive awarded 41 contracts with a total value of £44m for MEI during 2005/2006 across NI.		It is our intention to review the procurement of MEI schemes in April 2007 with a view to implementing the key principles at paragraph 2.2 above.
Environmental Improvements (EI)	EI includes re-alignment of roads, new fencing, improved car-parking and improvement to the environmental fabric of estates.	14 Contracts awarded across NI during 2005/2006 with a total value of £4 m		It is our intention to review the procurement of EI schemes in April 2007 with a view to implementing the key principles at paragraph 2.2 above
Grounds Maintenance	This includes grass-cutting, pruning, weed control and litter lifting.	13 contracts awarded across NI. Expenditure £4m per annum.	4 years	To be re-tendered in 2009.
Void Property	Securing void properties from vandalism	One contract for all Housing Executive dwellings in NI at an estimated annual value of £1.5m.	4 years	To be re-tendered in 2010.

Work Category	Description	Number/value of Contracts	Duration	Key Action <sup>3</sup>
Vertical and stair lifts	Install, maintain and service vertical and stair lifts.	Two contracts at an estimated annual value of £1.5m.	4 years	To be re-tendered in 2010.
Tree surgery	Tree surgery	Tree surgery is currently procured through traditional tendering procedures. Existing term contracts expire during 2007. Expenditure is £1.2m per annum.		It is our intention to review the procurement of Tree Surgery schemes in April 2007 with a view to implementing the key principles at paragraph 2.2 above.



## ESTIMATED ANNUAL SPEND

<b>Work Category</b>	<b>Financial Year 2006 -2007 (£m)</b>	<b>Financial Year 2007 - 2008 (£m)</b>	<b>Financial Year 2008 - 2009 (£m)</b>
Multi Elemental Improvements and Environmental Improvements	53.3	52.1	52.0
Repair Service	35.7	33.7	33.3
Revenue Replacement	20.6	15.0	14.9
External Cyclical Maintenance	19.0	13.2	13.0
Central Heating	16.9	17.5	16.4
Disabled Adaptations	12.9	12.4	12.0
Grounds Maintenance	8.1	7.8	7.8
Group Repair	4.0	4.3	4.3

Map showing Housing Executive Area and District Offices



“Working together to ensure that everyone  
has access to a decent affordable home in a  
safe and healthy community”



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[www.nihe.gov.uk](http://www.nihe.gov.uk)  
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