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Contract

## **RegenerationMK**

Milton Keynes City Council

F20: Modification notice

Notice identifier: 2023/S 000-037208

Procurement identifier (OCID): ocds-h6vhtk-0426aa

Published 18 December 2023, 9:02pm

### **Section I: Contracting authority/entity**

#### **I.1) Name and addresses**

Milton Keynes City Council

Civic Offices, 1 Saxon Gate, Silbury Boulevard

Milton Keynes

MK93EJ

#### **Email**

[corporateprocurement@milton-keynes.gov.uk](mailto:corporateprocurement@milton-keynes.gov.uk)

#### **Telephone**

+44 1908691691

#### **Country**

United Kingdom

#### **Region code**

UKJ12 - Milton Keynes

**Justification for not providing organisation identifier**

Not on any register

**Internet address(es)**

Main address

<https://www.milton-keynes.gov.uk>

Buyer's address

<https://in-tendhost.co.uk/milton-keynes/asp/Home>

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## **Section II: Object**

### **II.1) Scope of the procurement**

#### **II.1.1) Title**

RegenerationMK

Reference number

CU2359

#### **II.1.2) Main CPV code**

- 45000000 - Construction work

#### **II.1.3) Type of contract**

Works

### **II.2) Description**

#### **II.2.1) Title**

RegenerationMK

#### **II.2.2) Additional CPV code(s)**

- 45210000 - Building construction work
- 45453100 - Refurbishment work
- 50000000 - Repair and maintenance services
- 70330000 - Property management services of real estate on a fee or contract basis
- 71200000 - Architectural and related services

#### **II.2.3) Place of performance**

NUTS codes

- UKJ12 - Milton Keynes

#### **II.2.4) Description of the procurement at the time of conclusion of the contract:**

To secure a long term strategic partner to work with Milton Keynes Council (now Milton

Keynes City Council) (the "Council") and other legal entities connected to or forming part of the Council to deliver maintenance and improvements to the Council's social housing portfolio and other assets, and further enable the development a Regeneration programme of refurbishment, new build housing and other new build assets as part of a wider place making strategy.

On 29 March 2016, the Council entered into partnership agreement to deliver the regeneration programme which was delivered through a joint venture company YOURMK LLP. The partnership agreement was terminated in 26 March 2021 and YOURMK LLP was wound up on 26 April 2022.

On 29 March 2016, the Council and Mears Limited entered into two separate contracts in respect of the Council's maintenance programme for existing social housing and other assets being a Term Partnering Agreement for the provision of repairs and maintenance services (the "TPA") and a Project Partnering Agreement for the provision of planned repairs and maintenance services (the "PPA").

The term of the TPA commenced on 1st April 2016 and expired on 31 March 2021 with an option, at the Council's discretion, to extend for a further period or periods of up to ten years in duration. The term of the PPA also commenced on 1st April 2016 and expired on 31 March 2021 with an option, at the Council's discretion, to extend for a further period or periods of up to ten years in duration.

On 30 September 2020, having exercised its option to extend both contracts, the Authority entered into deeds of variation to the TPA and the PPA to extend the terms of both contracts for a further of three years commencing on 1 April 2021 and ending on 31 March 2024.

## **II.2.7) Duration of the contract, framework agreement, dynamic purchasing system or concession**

Duration in months

180

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## **Section IV. Procedure**

### **IV.2) Administrative information**

#### **IV.2.1) Contract award notice concerning this contract**

Notice number: [2016/S 085-150300](#)

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## **Section V. Award of contract/concession**

### **Contract No**

CU2359

### **Title**

RegenerationMK

### **V.2) Award of contract/concession**

#### **V.2.1) Date of conclusion of the contract/concession award decision:**

26 March 2016

#### **V.2.2) Information about tenders**

The contract/concession has been awarded to a group of economic operators: No

#### **V.2.3) Name and address of the contractor/concessionaire**

Mears Limited

1390 Montpellier Court Gloucester Business Park Brockworth

Gloucester

GL3 4AH

Country

United Kingdom

NUTS code

- UK - United Kingdom

Justification for not providing organisation identifier

Not on any register

The contractor/concessionaire is an SME

No

#### **V.2.4) Information on value of the contract/lot/concession (at the time of conclusion of the contract;excluding VAT)**

Total value of the procurement: £130,000,000

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## **Section VI. Complementary information**

### **VI.3) Additional information**

Contract value was broken down over the initial five-year term of the TPA and the PPA as follows:

- Repairs and Maintenance (including refurbishment) - GBP 10 to GBP 12 million per annum.
- New Build - GBP 12 to GBP 14 million per annum.
- Share of surplus generated from new build opportunities.

The term of the TPA commenced on 1st April 2016 and expired on 31 March 2021 with an option, at the Council's discretion, to extend for a further period or periods of up to ten years in duration. The term of the PPA also commenced on 1st April 2016 and expired on 31 March 2021 with an option, at the Council's discretion, to extend for a further period or periods of up to ten years in duration.

On 30 September 2020, having exercised its option to extend both contracts, the Authority entered into deeds of variation to the TPA and the PPA to extend the terms of both contracts for a further of three years commencing on 1 April 2021 and ending on 31 March 2024.

### **VI.4) Procedures for review**

#### **VI.4.1) Review body**

The High Court

Royal Courts of Justice, Strand

London

WC24 2LL

Telephone

+44 20794760000

Country

United Kingdom

**VI.4.2) Body responsible for mediation procedures**

The High Court

Royal Court of Justice, The Strand

London

WC2A 2LL

Telephone

+44 20794760000

Country

United Kingdom

**VI.4.4) Service from which information about the review procedure may be obtained**

The High Court

Royal Courts of Justice, Strand

London

WC24 2LL

Telephone

+44 20794760000

Country

United Kingdom

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## **Section VII: Modifications to the contract/concession**

### **VII.1) Description of the procurement after the modifications**

#### **VII.1.1) Main CPV code**

- 45000000 - Construction work

#### **VII.1.2) Additional CPV code(s)**

- 45210000 - Building construction work
- 45453100 - Refurbishment work
- 50000000 - Repair and maintenance services
- 70330000 - Property management services of real estate on a fee or contract basis
- 71200000 - Architectural and related services

#### **VII.1.3) Place of performance**

NUTS code

- UK - United Kingdom

#### **VII.1.4) Description of the procurement:**

The Council has modified the TPA and the PPA under Regulation 72(1) (c ) of the Public Contracts Regulations 2015 to extend the terms of both contracts for a further period of one year commencing on 1 April 2024 to 31 March 2025. The purpose of this modification is to allow the Council to instruct Mears to carry out works to its social housing and other assets under the TPA and the PPA for a period of one year as further detailed in Section VII.2.2 below. The Council is restructuring the way it commissions its housing repairs and maintenance services and will be carry out a re-procurement in 2024.

The nature of the works provided at the commencement of the extensions to the TPA and the PPA are the same as immediately prior to the extension of the terms of both contracts.

#### **VII.1.5) Duration of the contract, framework agreement, dynamic purchasing system or concession**

Duration in months

12

#### **VII.1.6) Information on value of the contract/lot/concession (excluding VAT)**

Total value of the contract/lot/concession:

£25,000,000

**VII.1.7) Name and address of the contractor/concessionaire**

Mears Limited

1390 Montpellier Court Gloucester Business Park Brockworth

Gloucester

GL3 4AH

Country

United Kingdom

NUTS code

- UK - United Kingdom

Justification for not providing organisation identifier

Not on any register

The contractor/concessionaire is an SME

No

**VII.2) Information about modifications**

**VII.2.1) Description of the modifications**

Nature and extent of the modifications (with indication of possible earlier changes to the contract):

The term of the TPA commenced on 1st April 2016 and expired on 31 March 2021 with an option, at the Council's discretion, to extend for a further period or periods of up to ten years in duration.

The term of the PPA also commenced on 1st April 2016 and expired on 31 March 2021 with an option, at the Council's discretion, to extend for a further period or periods of up to ten years in duration.

On 30 September 2020, having exercised its option to extend both contracts, the Authority entered into deeds of variation to the TPA and the PPA to extend the terms of both contracts for a further of three years commencing on 1 April 2021 and ending on 31 March 2024.

The Council has now further exercised its option to extend both the TPA and the PPA. The TPA and the PPA have been modified under Regulation 72(1) (c) of the Public Contracts Regulations 2015 to extend the terms of both contracts for a further period of one year commencing on 1 April 2024 to 31 March 2025.

The purpose of this modification is to allow the Council to instruct Mears to carry out works to its social housing under the TPA and the PPA for a period of one year. The Council is restructuring the way it commissions its housing repairs and maintenance services and will be carry out a re-procurement in 2024.

#### **VII.2.2) Reasons for modification**

Need for modification brought about by circumstances which a diligent contracting authority/entity could not foresee.

Description of the circumstances which rendered the modification necessary and explanation of the unforeseen nature of these circumstances:

The reason for this modification is to allow the Council to instruct Mears to carry out works to its social housing under the TPA and the PPA for a period of one year. The Council is restructuring the way it commissions its housing repairs and maintenance services and will be carrying out a re-procurement in 2024.

The requirements of Regulation 72(1) (c) are met as follows:

Need for modification brought about by circumstances which a diligent contracting authority could not have foreseen:

The Council has faced increased costs due to the rises in interest rates and inflation which were not foreseeable at the time that the PPA and the TPA were entered into. In addition, the state of repair of the Council's housing stock has deteriorated at a faster rate than was expected when the contracts were entered into and/or have unforeseen health and safety issues that need to be addressed.

This concurrence of the unforeseeable increases in inflation and interest rates with the expedited deteriorations in the Council's housing stock has led to a set of financial circumstances and service requirements which could not have been diligently foreseen by the Council.

The following circumstances were not foreseen by the Council:

1. Revenue spend for the Council is significantly higher due to increased demand for repairs and property related above expected forecasts, coupled with inflationary pressures.
2. As part of the unpredicted energy crisis, the Council brought forward its future gas boiler replacement programme to help reduce the impact of the crisis on our tenants by installing more energy efficient boilers.
3. The deterioration of some of the Council's assets is ahead of forecast which has involved the need for additional inspections and localised repairs ahead of planned lifecycle repairs.
4. The impact of increasing regulation and standards of compliance has increased the levels of works needed to replace fire doors and compartmentation in order to ensure that the Council's assets are compliant.
5. The Council has brought forward electrical checks within individual homes from a 10-year inspection cycle to a 5-year cycle ahead of future regulation.
6. Some of the Council's properties and external elements, such as roofs, are failing at a rate faster than the Council's lifecycle plans. The Council has also seen an increased number of fire damaged properties or properties, which are works that will be carried out during 2024/25.

Modification does not alter the overall nature of the contract:

The scope and nature of the works that the Council will instruct Mears to carry out under the TPA and the PPA during the extension period has not changed. The reason for the modification is that the projected volume of works required under both contracts and their associated costs have increased as detailed above.

Increase in price does not exceed 50% of the value of the original contract. The value of the works that Mears will be instructed to carry out under the PPA and the TPA during the extension period total between £20,000,000 to £25,000,000 (excluding VAT) which is less than 50% of the anticipated value over the initial five year term as set out in the advertised contract notice (£130,000,000 excluding VAT) which was broken down as follows:

- Repairs and Maintenance (including refurbishment) - GBP 10 to GBP 12 million per annum.
- New Build - GBP 12 to GBP 14 million per annum.

- Share of surplus generated from new build opportunities.

and is less than 50% of the value of the original contract as set out in the contract award notice (£130,000,000 excluding VAT).

### **VII.2.3) Increase in price**

Updated total contract value before the modifications (taking into account possible earlier contract modifications, price adaptations and average inflation)

Value excluding VAT: £228,000,000

Total contract value after the modifications

Value excluding VAT: £253,000,000