

Housing Repair & Maintenance

Options Appraisal

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1 Executive Summary & Methodology

This options paper has been prepared to support LBBD’s “Repairs Service and Major Works Procurement” cabinet paper. The paper has explored in total nine separate options. These options have been studied in detail and then refined to a shortlist. This shortlist of four options has then been scored based on benchmark data from HouseMark and also by LBBD stakeholders against the Councils strategic criteria. See section 3 for full details of the scoring.

The overall scoring demonstrates that options 2: 2 or more management contracts and option 5: Multi Lot procurement are the most beneficial for the Council from a risk, quality, and satisfaction perspective. Although from a scoring perspective option 2 and 5 have tied it is recognised that option 5 meets most closely the strategic objectives of the Council. It is therefore recommended that a **Multi Lot Procurement strategy** be selected as the procurement route.

It should be noted at this stage that a financial summary to support this Multi Lot option will be developed through the re-Procurement process although it is envisaged to deliver benefits of between approximately 20%-40%.

2 Options – Full List

The following options have been considered with the pros and cons detailed for each:

- Option 1 - Single Package (Re-procurement current arrangements)
- Option 2 - 2 or more management contracts
- Option 3 - Combined Housing/Non-Housing Arrangement
- Option 4 - Collaborate with other councils
- Option 5 - Multi Lot procurement
- Option 6 - Combine Capital and Revenue
- Option 7 - In House Provision
- Option 8 - Community Cooperative
- Option 9 - Multi outsourcing

The project team has made a recommendation for each option whether to consider in more detail as part of a short list analysis process.

2.1 Single Package (Re-procurement current arrangements)

Option 1 - Single Package (Re-procurement current arrangements)		
All reactive and planned maintenance on the housing stock to be carried out by one firm; this includes management of repairs ordering		
Pros	Cons	Recommendation
Enables a slim client side. Re-procurement could be straightforward if similar scope, pricing and delivery approach taken. TUPE issues simpler – all staff taken on by new contractor. Overhead costs limited. One single point of contact and	Limited client control, performance and financial management depend upon contractor co-operation. Limits those firms who can participate to a restricted number of large operators who may sub-contract (particularly planned maintenance elements) and incur additional on-costs.	Option to be taken forward to detailed options appraisal stage.

<p>responsibility. More likely to encourage investment and technological innovation from contractor, especially if a longer term contract. Could encourage greater community engagement if managed appropriately.</p>	<p>“One size fits all” solution that assumes a firm can do all planned and response services equally well and for the right price. Lack of competition once the contract is in place which could lead to complacency from the incumbent contractor. Potentially a longer term contract needed in order to realize potential efficiencies.</p>	
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2.1.1 Risk Assessment

Number	Details of Risk/Opportunity, Including Impacts/Consequences	Owner	Assessment of Risk/Opportunity			Details of Amelioration/Mitigation Plans and Activities	Owner	Assessment of Risk/Opportunity		
			(Assume NOTHING in place)					(After Amelioration)		
			Impact	Likelihood	Rating			Impact	Likelihood	Rating
1	Option 1 - Single Package (Re-procurement current arrangements)									
1.1	Limited client control, performance and financial management depend upon contractor co-operation.	Maureen McElaney	3	3	9	Ensure that robust contract management arrangements are put in place. Ensure that the project is expertly cliented and that an experienced and proficient team are put in place.	Maureen McElaney	3	2	6
1.2	Limits those firms who can participate to a restricted number of large operators who may sub-contract (particularly planned maintenance elements) and incur additional on-costs.	Maureen McElaney	3	4	12	Ensure that costs are expertly managed. Ensure that contractor supply chains are adequately managed.	Maureen McElaney	3	3	9
1.3	“One size fits all” solution that assumes a firm can do all planned and response services equally well and for the right price.	Maureen McElaney	3	4	12	Ensure that contractor tender and selection process is robust in order to ensure that the most appropriate contractor with a mix of skills is engaged.	Maureen McElaney	3	2	6
1.4	Lack of competition once the contract is in place which could lead to complacency from the incumbent contractor.	Maureen McElaney	3	4	12	Ensure that robust KPI's and incentives are present in the contract and that the contractors performance is closely monitored in order to ensure good contractor performance	Maureen McElaney	3	3	9
1.5	Potentially a longer term contract needed in order to realize potential efficiencies, which will tie the council into a potentially less flexible approach.	Maureen McElaney	3	4	12	To ensure that adequate break clauses are contained within the contract.	Maureen McElaney	3	3	9

2.2 2 or more management contracts

Option 2 - 2 or more management contracts		
All reactive and planned maintenance on the housing stock to be carried out by 2 or more firms; this includes management of repairs ordering		
Pros	Cons	Recommendation
<p>Enables a slim client side. Re-procurement could be straightforward if similar scope, pricing and delivery approach taken. TUPE issues simpler – all staff taken on by new contractor. Overhead costs limited. Fewer points of contact and responsibility. More likely to encourage investment and technological innovation from contractor, especially if a longer term contract. Could encourage greater community engagement if managed appropriately.</p>	<p>Limited client control, performance and financial management depend upon contractor co-operation. Limits those firms who can participate to a restricted number of large operators who may sub-contract (particularly planned maintenance elements) and incur additional on-costs. “One size fits all” solution that assumes a firm can do all planned and response services equally well and for the right price. Limits competition once the contract is in place which could lead to complacency from the incumbent contractor. Potentially a longer term contract needed in order to realize potential efficiencies.</p>	<p>Option to be taken forward to detailed options appraisal stage.</p>

2.2.1 Risk Assessment

Number	Details of Risk/Opportunity, Including Impacts/Consequences	Owner	Assessment of Risk/Opportunity			Details of Amelioration/Mitigation Plans and Activities	Owner	Assessment of Risk/Opportunity		
			(Assume NOTHING in place)					(After Amelioration)		
			Impact	Likelihood	Rating			Impact	Likelihood	Rating
2	Option 2 - 2 or more management contracts				0					
2.1	Limited client control, performance and financial management depend upon contractor co-operation.	Maureen McElenev	3	3	9	Ensure that robust contract management arrangements are put in place. Ensure that the project is expertly cliented and that an experienced and proficient team are put in place.	Maureen McElenev	3	2	6
2.2	Limits those firms who can participate to a restricted number of large operators who may sub-contract (particularly planned maintenance elements) and incur additional on-costs.	Maureen McElenev	3	4	12	Ensure that costs are expertly managed. Ensure that contractor supply chains are adequately managed.	Maureen McElenev	3	3	9
2.3	"One size fits all" solution that assumes a firm can do all planned and response services equally well and for the right price.	Maureen McElenev	3	4	12	Ensure that contractor tender and selection process is robust in order to ensure that the most appropriate contractor with a mix of skills is engaged.	Maureen McElenev	3	2	6
2.4	Lack of competition once the contract is in place which could lead to complacency from the incumbent contractor.	Maureen McElenev	3	4	12	Ensure that robust KPI's and incentives are present in the contract and that the contractors performance is closely monitored in order to ensure good contractor performance	Maureen McElenev	3	3	9
2.5	Potentially a longer term contract needed in order to realize potential efficiencies, which will tie the council into a potentially less flexible approach.	Maureen McElenev	3	4	12	To ensure that adequate break clauses are contained within the contract.	Maureen McElenev	3	3	9

2.3 Combined Housing/Non-Housing Arrangement

Option 3 - Combined Housing/Non-Housing Arrangement		
Expand current arrangements. Let to one provider, and include repairs and planned maintenance for schools and corporate buildings. Note, any chosen option should be assessed in order to establish if it is suitable to combine the housing and non-housing areas.		
Pros	Cons	Recommendation
<p>Reduced duplication and overhead on contractor side.</p> <p>Share client side resources across departments.</p> <p>May be purchasing economies of scale and hence reduced costs.</p> <p>TUPE issues simpler – all staff taken on by new contractor (possibly more complicated on non-housing side).</p> <p>More likely to encourage investment and technological innovation from contractor, especially if a longer term contract.</p> <p>One single point of contact and responsibility.</p> <p>Could encourage greater community engagement if managed appropriately.</p>	<p>Limited client control – performance and financial management depend upon contractor co-operation so purchasing economies may not be passed on.</p> <p>“All eggs in one basket” – reliant on one contractor.</p> <p>TUPE issues for displaced contractors on corporate buildings?</p> <p>Current housing and non-housing contractual arrangements are out of sync, although some elements of non-housing contracts do need to be re-procured.</p> <p>Limits those firms who can participate to a restricted number of large operators who may sub-contract (particularly planned maintenance elements) and incur additional on-costs.</p> <p>Will rule out a number of smaller, local contractors that currently undertake non-housing contracts.</p> <p>“One size fits all” solution that assumes a firm can do all planned and response services equally well and for the right price.</p> <p>Lack of competition once the contract is in place which could lead to complacency from the incumbent contractor.</p> <p>Potentially a longer term contract needed in order to realize potential efficiencies.</p> <p>Potential penalties from ending some non-housing contracts earlier than planned.</p>	<p>Option to be taken forward to detailed options appraisal stage.</p>

2.3.1 Risk Assessment

Number	Details of Risk/Opportunity, Including Impacts/Consequences	Owner	Assessment of Risk/Opportunity			Details of Amelioration/Mitigation Plans and Activities	Owner	Assessment of Risk/Opportunity		
			(Assume NOTHING in place)					(After Amelioration)		
			Impact	Likelihood	Rating			Impact	Likelihood	Rating
3	Option 3 - Combined Housing & Non Housing									
3.1	Limited client control, performance and financial management depend upon contractor co-operation.	Maureen McElaney	3	3	9	Ensure that robust contract management arrangements are put in place. Ensure that the project is expertly cliented and that an experienced and proficient team are put in place.	Maureen McElaney	3	2	6
3.3	One size fits all" solution that assumes a firm can do all planned and response services equally well and for the right price.	Maureen McElaney	3	4	12	Ensure that contractor tender and selection process is robust in order to ensure that the most appropriate contractor with a mix of skills is engaged.	Maureen McElaney	3	2	6
3.4	Lack of competition once the contract is in place which could lead to complacency from the incumbent contractor.	Maureen McElaney	3	4	12	Ensure that robust KPI's and incentives are present in the contract and that the contractors performance is closely monitored in order to ensure good contractor performance	Maureen McElaney	3	3	9

2.4 Collaborate with other councils

Option 4 - Collaborate with other councils

Expand current arrangements by collaboration and carrying out a joint procurement exercise with other Councils.

Pros	Cons	Recommendation
<p>Share client side costs and resources which could improve performance management.</p> <p>Reduced duplication and overhead on contractor side.</p> <p>May be purchasing economies of scale and hence reduced costs.</p> <p>More likely to encourage investment and technological innovation from contractor, especially if a longer term contract.</p>	<p>The current timescales are not sufficient to progress a collaborative procurement exercise.</p> <p>Longer procurement process.</p> <p>Consortium partner's timescales are not in line with our current needs.</p> <p>Possible loss of local control and influence.</p> <p>Co-ordination between clients not straightforward.</p> <p>Limited competition.</p> <p>Only the very largest of companies could take provide.</p> <p>Increased sub-contracting with increased on-costs.</p> <p>Depends upon a possibly complex co-ordinated procurement.</p> <p>"One size fits all" solution that assumes a firm can do all planned and response services equally well and for the right price.</p> <p>Lack of competition once the contract is in place which could lead to complacency from the incumbent contractor.</p> <p>Potentially a longer term contract needed in order to realize potential efficiencies.</p>	<p>Option not recommended to be taken forward to detailed options appraisal stage.</p>

2.4.1 Risk Assessment

Number	Details of Risk/Opportunity, Including Impacts/Consequences	Owner	Assessment of Risk/Opportunity			Details of Amelioration/Mitigation Plans and Activities	Owner	Assessment of Risk/Opportunity		
			(Assume NOTHING in place)					(After Amelioration)		
			Impact	Likelihood	Rating			Impact	Likelihood	Rating
4	Option 4 - Collaborate with other Councils									
4.1	Client team could lose an element of strategic direction from collaboration	Maureen McElaney	2	2	4	Ensure that robust contract management arrangements are put in place. Ensure that the project	Maureen McElaney	2	2	4
4.2	Could exclude smaller companies as collaboration approach would increase the size and scale of the	Maureen McElaney	2	2	4	Ensure a sensible lotting strategy is deployed so as not to penalise the smaller providers	Maureen McElaney	2	2	4

2.5 Multi Lot procurement

Option 5 - Multi Lot Procurement

Reduce current scope by separating housing planned and cyclical maintenance from response repairs

Pros	Cons	Recommendation
<p>Allows greater flexibility and control</p> <p>Allows more competition once the contracts are in place.</p>	<p>Will require greater client co-ordination and staff resources.</p> <p>Possible loss of any response and</p>	<p>Option to be taken forward to detailed options appraisal</p>

<p>More flexible in terms of timescales and work volumes. Lends itself to more of a handyman approach. Facilitates the option to use cooperatives. Could allow some smaller firms to enter the marketplace. Reduce main contractor on-costs. Reduces risk by not putting all eggs in one basket Potentially a larger, but simpler procurement process.</p>	<p>planned synergies. Increased initial procurement costs. Lower level of investment and innovation from contractors. Greater level of investment required from council in terms of ICT and management infrastructure.</p>	<p>stage.</p>
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2.5.1 Risk Assessment

Number	Details of Risk/Opportunity, Including Impacts/Consequences	Owner	Assessment of Risk/Opportunity			Details of Amelioration/Mitigation Plans and Activities	Owner	Assessment of Risk/Opportunity		
			(Assume NOTHING in place)					(After Amelioration)		
			Impact	Likelihood	Rating			Impact	Likelihood	Rating
5	Option 5 - Multi lot procurement				0					
5.1	Risk that LBBD fails to manage probably the larger number of providers	Maureen McElenny	3	3	9	Ensure appropriate client team is in place to effectively manage multiple contracts	Maureen McElenny	3	2	6
5.2	Risk that client teams and internal costs increase significantly in order to manage the increased number of providers	Maureen McElenny	3	4	12	Ensure appropriate systems, processes are implemented in order for a lean client team to manage appropriately	Maureen McElenny	3	3	9
5.3	Strategic IT goals are not achieved as multiple contractors are utilised	Maureen McElenny	3	4	12	LBBD to make IT investment to meet requirements	Maureen McElenny	3	2	6

2.6 Combine Capital and Revenue

Option 6 - Combine Capital and Revenue		
Increase scope to include both capital and revenue works		
Pros	Cons	Recommendation
<p>Combined management of maintenance and capital investment could provide an integrated asset management approach with efficiencies. Reduced duplication and overhead on contractor side. May be purchasing economies of scale and hence reduced costs. Enables a slim client side. Could deliver greater cost certainty in the longer term. May with the right level of investment be able to achieve decent homes standard more efficiently.</p>	<p>The borough currently does not have a robust asset management plan and therefore we do not fully understand the financial implications of this option and the level of risk. Reduced competition affecting cost (Most capital works can be specified and tendered). "All eggs in one basket" – reliant on one contractor. Response repairs contractors not set up to plan and execute works. Limits number of firms capable of tendering (many response and planned maintenance contractors do not do major refurbishment or new build) Excludes firms that specialise in Housing capital works but which do not have a maintenance capability. Requires a significant investment, especially in the short to medium term.</p>	<p>Option not recommended to be taken forward to detailed options appraisal stage.</p>

2.6.1 Risk Assessment

Number	Details of Risk/Opportunity, Including Impacts/Consequences	Owner	Assessment of Risk/Opportunity			Details of Amelioration/Mitigation Plans and Activities	Owner	Assessment of Risk/Opportunity		
			(Assume NOTHING in place)					(After Amelioration)		
			Impact	Likelihood	Rating			Impact	Likelihood	Rating
6	Option 6 - Combine capital & revenue									
6.1	Risk of pricing inaccuracies as stock condition is unknown	Maureen McElenny	4	4	16	Ensure stock conditions are surveyed prior to consideration	Maureen McElenny	3	3	9

2.7 In House Provision

Option 7 - In House Provision		
To procure the current arrangements via an in house delivery option		
Pros	Cons	Recommendation
<p>Greater control and flexibility of workforce.</p> <p>Higher level of customer service if contract managed appropriately.</p> <p>No OJEU procurement process to go through.</p> <p>Current local knowledge and expertise would be maintained.</p>	<p>Higher risk profile for the council.</p> <p>Value for money will depend on appropriate management and a motivated workforce.</p> <p>Fixed level of on-costs regardless of work volumes going forward.</p> <p>Increased investment in terms of innovation, training and management</p> <p>Does not allow competition.</p> <p>Increased pension and redundancy burden to the council if staff are no longer required.</p> <p>Requires long term training and investment.</p>	<p>Option to be taken forward to detailed options appraisal stage.</p>

2.7.1 Risk Assessment

Number	Details of Risk/Opportunity, Including Impacts/Consequences	Owner	Assessment of Risk/Opportunity			Details of Amelioration/Mitigation Plans and Activities	Owner	Assessment of Risk/Opportunity		
			(Assume NOTHING in place)					(After Amelioration)		
			Impact	Likelihood	Rating			Impact	Likelihood	Rating
7	Option 7 - In House Provision									
7.1	Poor performance and limited flexibility	Maureen McElenny	4	4	16	Manage very closely with strong MI, KPI's & SLA's	Maureen McElenny	3	3	9
7.2	Due to poor performance cost increase	Maureen McElenny	4	4	16	Manage very closely with strong MI, KPI's & SLA's	Maureen McElenny	3	3	9
7.3	High level of repair failure and or missed statutory obligations	Maureen McElenny	4	4	16	Manage very closely with strong MI, KPI's & SLA's	Maureen McElenny	3	3	9
7.4	Lack of competition once the service is in place which could lead to complacency from the service.	Maureen McElenny	4	4	16	Manage very closely with strong MI, KPI's & SLA's	Maureen McElenny	3	3	9

2.8 Community Cooperative

Option 8 - Community Cooperative		
Pros	Cons	Recommendation
<p>Would create local employment opportunities.</p> <p>Meets governments aspiration Big Society Agenda'</p>	<p>At present there appears to be limited interest from the current workforce and a general lack of entrepreneurial spirit.</p> <p>Higher risk of failure.</p> <p>Would require a high level of council involvement and support to establish.</p>	<p>Option not recommended to be taken forward to detailed options appraisal stage.</p>

2.8.1 Risk Assessment

Number	Details of Risk/Opportunity, Including Impacts/Consequences	Owner	Assessment of Risk/Opportunity			Details of Amelioration/Mitigation Plans and Activities	Owner	Assessment of Risk/Opportunity		
			(Assume NOTHING in place)					(After Amelioration)		
			Impact	Likelihood	Rating			Impact	Likelihood	Rating
8	Option 8 - Community Cooperative									
8.1	Limited evidence of entrepreneurial skills required to support option	Maureen McElenny	3	4	12	Work with candidates and support the process with relevant training, tools etc	Maureen McElenny	3	2	6

2.9 Multi outsourcing

Option 9 - Multi outsourcing		
To combine a number of services such as refuse, ground maintenance and street lighting into one larger contract		
Pros	Cons	Recommendation
<p>May be potential cost savings due to</p>	<p>"All eggs in one basket" – reliant on one</p>	<p>Option not</p>

<p>increased efficiencies. Savings due to reduced management costs. Potentially better value for money.</p>	<p>contractor. Longer term contract required in order to achieve potential efficiencies (15 years+). Potential lower customer satisfaction. Market possibly not yet mature enough for this option. Limited in-house expertise to manage integrated service contractors. Increased sub-contracting with increased on-costs. Limited client control, performance and financial management depend upon contractor co-operation. Limits those firms who can participate to a restricted number of large operators who may sub-contract and incur additional on-costs. “One size fits all” solution that assumes a firm can do all planned and response services equally well and for the right price. Lack of competition once the contract is in place which could lead to complacency from the incumbent contractor.</p>	<p>recommended to be taken forward to detailed options appraisal stage.</p>
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2.9.1 Risk Assessment

Number	Details of Risk/Opportunity, Including Impacts/Consequences	Owner	Assessment of Risk/Opportunity			Details of Amelioration/Mitigation Plans and Activities	Owner	Assessment of Risk/Opportunity		
			(Assume NOTHING in place)					(After Amelioration)		
			Impact	Likelihood	Rating			Impact	Likelihood	Rating
9	Option 9 - Multi outsourcing				0					
9.1	Risk that broadening the services to be outsourced would not be politically acceptable	Maureen McElenny	3	3	9	Consult with relevant stakeholders	Maureen McElenny	3	2	6
9.2	Limits those firms who can participate to a restricted number of large operators due to the broadening scope	Maureen McElenny	3	4	12	Explore lotting strategies and include relevant KPIs and Terms so as not to penalise smaller more specialist companies	Maureen McElenny	3	3	9

3 Options – Short List

The following options have been selected to be considered as part of the detailed analysis:

- Option 1 - Single Package (Re-procurement current arrangements)
- Option 2 - 2 or more management contracts
- Option 4 - Multi Lot procurement
- Option 6 - In House Provision

Detailed analysis has been completed combining House Mark benchmark data (2009/10) for each option utilising 3 peer group members. Points have been awarded dependent on the rank within the particular report across 12 peer group members including LBBD:

Nominated Peer Group Member	Suggested Delivery Model
1. LBBD	Single Package
2. Hackney Homes	
3. LB of Redbridge	
4. LB of Islington	2 or more management contracts
5. LB of Havering	

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6. City West Homes	In House
7. LB of Newham	
8. LB of Camden	
9. LB of Haringey	
10. LB of Greenwich	Multi Lot
11. Hounslow Homes	
12. LB of Southwark	

The total scores from House Mark have been averaged for each option and weighted by 30%. This score has then been combined with a further round of scoring based on the options and LBBD's strategic requirements. These scores have been weighted at 70% and is made up of qualitative scoring by LBBD stakeholders:

- Maureen McEleney (DIV DIR HSG & NEIGHBOUHDS)
- Ian Saxby (GRP MGR CRP CLIENT CONSTRUCTION)
- Rob Wood (GRP MGR REPS & MAINT)

3.1 HouseMark Scoring

Options	LBB or Nominated Peer Group Comparator	No' of Properties	Costs - VFM (Scores based on ranking from House Mark 2009/10 data)		Quality (Scores based on ranking from House Mark 2009/10 data)		House Mark Satisfaction Scores	% of homes meeting DHS	% of tenants satisfied with home	Total House Mark Score
			Rank 1 - 8 = 10 points Rank 9 - 16 = 5 points Rank 17+ = 1 point	House Mark Cost / Value Scores	Rank 1 - 8 = 10 points Rank 9 - 16 = 5 points Rank 17+ = 1 point	House Mark Satisfaction Scores				
Single package	LBB	22485	Total CPP of Responsive Repairs & Void Works	↑ 10	Satisfaction - % satisfied with repairs and maintenance	↑ 10	68	↑ 76	68	
			Total CPP of Void Works (Management)	→ 5	Average time in days to re-let empty properties	↓ 1				
			Total CPP of Void Works (Service Provision)	↑ 10	Average time in days to re-let empty properties	↓ 1				
			Direct CPP of Responsive Repairs (Management)	↓ 1	Satisfaction - % satisfied with repairs and maintenance	↑ 10				
			Total CPP of Responsive Repairs (Service Provision)	↑ 10	% of respondents satisfied with the way their HA/landlord deals with R&M	↑ 10				
	Hackney Homes	30173	Total CPP of Responsive Repairs & Void Works	→ 5	Satisfaction - % satisfied with repairs and maintenance	→ 5	65	↓ 67	34	
			Total CPP of Void Works (Management)	↓ 1	Average time in days to re-let empty properties	↓ 1				
			Total CPP of Void Works (Service Provision)	↓ 1	Average time in days to re-let empty properties	↓ 1				
			Direct CPP of Responsive Repairs (Management)	→ 5	Satisfaction - % satisfied with repairs and maintenance	→ 5				
			Total CPP of Responsive Repairs (Service Provision)	→ 5	% of respondents satisfied with the way their HA/landlord deals with R&M	→ 5				
	LB of Redbridge	7033	Total CPP of Responsive Repairs & Void Works	↓ 1	Satisfaction - % satisfied with repairs and maintenance	↑ 10	60	↓ 67	72	
			Total CPP of Void Works (Management)	↑ 10	Average time in days to re-let empty properties	↑ 10				
			Total CPP of Void Works (Service Provision)	→ 5	Average time in days to re-let empty properties	↑ 10				
			Direct CPP of Responsive Repairs (Management)	→ 5	Satisfaction - % satisfied with repairs and maintenance	↑ 10				
			Total CPP of Responsive Repairs (Service Provision)	↓ 1	% of respondents satisfied with the way their HA/landlord deals with R&M	↑ 10				
2 or more Management contracts	LB of Islington	25017	Total CPP of Responsive Repairs & Void Works	↓ 1	Satisfaction - % satisfied with repairs and maintenance	→ 5	95	No data	58	
			Total CPP of Void Works (Management)	↑ 10	Average time in days to re-let empty properties	↑ 10				
			Total CPP of Void Works (Service Provision)	↓ 1	Average time in days to re-let empty properties	↑ 10				
			Direct CPP of Responsive Repairs (Management)	→ 5	Satisfaction - % satisfied with repairs and maintenance	↑ 10				
			Total CPP of Responsive Repairs (Service Provision)	↓ 1	% of respondents satisfied with the way their HA/landlord deals with R&M	→ 5				
	LB of Havering	12385	Total CPP of Responsive Repairs & Void Works	↑ 10	Satisfaction - % satisfied with repairs and maintenance	↓ 1	42	→ 71	77	
			Total CPP of Void Works (Management)	→ 5	Average time in days to re-let empty properties	↑ 10				
			Total CPP of Void Works (Service Provision)	↑ 10	Average time in days to re-let empty properties	↑ 10				
			Direct CPP of Responsive Repairs (Management)	↑ 10	Satisfaction - % satisfied with repairs and maintenance	↑ 10				
			Total CPP of Responsive Repairs (Service Provision)	↑ 10	% of respondents satisfied with the way their HA/landlord deals with R&M	↓ 1				
	City West Homes	21265	Total CPP of Responsive Repairs & Void Works	↓ 1	Satisfaction - % satisfied with repairs and maintenance	↑ 10	100	↑ 75	50	
			Total CPP of Void Works (Management)	↓ 1	Average time in days to re-let empty properties	↑ 10				
			Total CPP of Void Works (Service Provision)	↓ 1	Average time in days to re-let empty properties	→ 5				
			Direct CPP of Responsive Repairs (Management)	↓ 1	Satisfaction - % satisfied with repairs and maintenance	↑ 10				
			Total CPP of Responsive Repairs (Service Provision)	↓ 1	% of respondents satisfied with the way their HA/landlord deals with R&M	↑ 10				
In House	LB of Newham	20752	Total CPP of Responsive Repairs & Void Works	↑ 10	Satisfaction - % satisfied with repairs and maintenance	↑ 10	72	→ 74	80	
			Total CPP of Void Works (Management)	↑ 10	Average time in days to re-let empty properties	→ 5				
			Total CPP of Void Works (Service Provision)	↑ 10	Average time in days to re-let empty properties	→ 5				
			Direct CPP of Responsive Repairs (Management)	↑ 10	Satisfaction - % satisfied with repairs and maintenance	→ 5				
			Total CPP of Responsive Repairs (Service Provision)	↑ 10	% of respondents satisfied with the way their HA/landlord deals with R&M	→ 5				
	LB of Camden	33000	Total CPP of Responsive Repairs & Void Works	↑ 10	Satisfaction - % satisfied with repairs and maintenance	↓ 1	No data	No data	54	
			Total CPP of Void Works (Management)	↓ 1	Average time in days to re-let empty properties	↑ 10				
			Total CPP of Void Works (Service Provision)	→ 5	Average time in days to re-let empty properties	↑ 10				
			Direct CPP of Responsive Repairs (Management)	→ 5	Satisfaction - % satisfied with repairs and maintenance	↓ 1				
			Total CPP of Responsive Repairs (Service Provision)	↑ 10	% of respondents satisfied with the way their HA/landlord deals with R&M	↓ 1				
	LB of Haringey	20597	Total CPP of Responsive Repairs & Void Works	↓ 1	Satisfaction - % satisfied with repairs and maintenance	↓ 1	72	No data	14	
			Total CPP of Void Works (Management)	↓ 1	Average time in days to re-let empty properties	↓ 1				
			Total CPP of Void Works (Service Provision)	↓ 1	Average time in days to re-let empty properties	↓ 1				
			Direct CPP of Responsive Repairs (Management)	→ 5	Satisfaction - % satisfied with repairs and maintenance	↓ 1				
			Total CPP of Responsive Repairs (Service Provision)	↓ 1	% of respondents satisfied with the way their HA/landlord deals with R&M	↓ 1				
Multi Lot	LB of Greenwich	No data	Total CPP of Responsive Repairs & Void Works	→ 5	Satisfaction - % satisfied with repairs and maintenance	↑ 10	No data	No data	71	
			Total CPP of Void Works (Management)	↑ 10	Average time in days to re-let empty properties	→ 5				
			Total CPP of Void Works (Service Provision)	↓ 1	Average time in days to re-let empty properties	→ 5				
			Direct CPP of Responsive Repairs (Management)	↑ 10	Satisfaction - % satisfied with repairs and maintenance	↑ 10				
			Total CPP of Responsive Repairs (Service Provision)	→ 5	% of respondents satisfied with the way their HA/landlord deals with R&M	↑ 10				
	Hounslow Homes	14924	Total CPP of Responsive Repairs & Void Works	↑ 10	Satisfaction - % satisfied with repairs and maintenance	→ 5	100	↑ 80	48	
			Total CPP of Void Works (Management)	↓ 1	Average time in days to re-let empty properties	↓ 1				
			Total CPP of Void Works (Service Provision)	→ 5	Average time in days to re-let empty properties	↓ 1				
			Direct CPP of Responsive Repairs (Management)	→ 5	Satisfaction - % satisfied with repairs and maintenance	→ 5				
			Total CPP of Responsive Repairs (Service Provision)	↑ 10	% of respondents satisfied with the way their HA/landlord deals with R&M	→ 5				
	Southwark	53523	Total CPP of Responsive Repairs & Void Works	↓ 1	Satisfaction - % satisfied with repairs and maintenance	↓ 1	65	↓ 62	23	
			Total CPP of Void Works (Management)	↑ 10	Average time in days to re-let empty properties	↓ 1				
			Total CPP of Void Works (Service Provision)	→ 5	Average time in days to re-let empty properties	↓ 1				
			Direct CPP of Responsive Repairs (Management)	↓ 1	Satisfaction - % satisfied with repairs and maintenance	↓ 1				
			Total CPP of Responsive Repairs (Service Provision)	↓ 1	% of respondents satisfied with the way their HA/landlord deals with R&M	↓ 1				

CPP = Cost per Property

3.2 LBB Option Scoring

Rob Wood

Options	Maximise opportunities for local economy (H=10, M=5, L=1)	Maximise opportunities for local labour (H=10, M=5, L=1)	Likelihood of Service Improvements (H=10, M=5, L=1)	Transfer of risk away from LBB (H=10, M=5, L=1)	Contractual flexibility (H=10, M=5, L=1)	Likelihood of contract failure (H=1, M=5, L=10)	Impact of contract failure (H=1, M=5, L=10)	Risk of disrepair claims (H=1, M=5, L=10)	High quality repairs and service delivery (H=10, M=5, L=1)	High levels of resident engagement and satisfaction (H=10, M=5, L=1)	Using modern technology to improve efficiency and satisfaction (H=10, M=5, L=1)	Apprenticeships and or training (H=10, M=5, L=1)	Meets statutory obligations (H=10, M=5, L=1)	Ensuring and maintaining compliance with decent home standards (H=10, M=5, L=1)	Total Weighted Score
Single Package	7	8	8	6	6	7	1	8	6	7	7	7	8	7	47.5
2 or more Management contracts	5	5	6	7	4	6	3	7	7	6	7	5	8	5	41.25
In House	9	10	5	1	8	9	1	9	8	9	6	9	9	8	51
Multi Lot	9	9	5	8	8	5	8	6	7	7	5	4	8	5	50
Criteria Weighting	1	0.75	0.5	0.75	0.25	0.25	0.25	0.25	0.75	1	0.5	0.25	0.25	0.25	

Ian Saxby

Options	Maximise opportunities for local economy (H=10, M=5, L=1)	Maximise opportunities for local labour (H=10, M=5, L=1)	Likelihood of Service Improvements (H=10, M=5, L=1)	Transfer of risk away from LBB (H=10, M=5, L=1)	Contractual flexibility (H=10, M=5, L=1)	Likelihood of contract failure (H=1, M=5, L=10)	Impact of contract failure (H=1, M=5, L=10)	Risk of disrepair claims (H=1, M=5, L=10)	High quality repairs and service delivery (H=10, M=5, L=1)	High levels of resident engagement and satisfaction (H=10, M=5, L=1)	Using modern technology to improve efficiency and satisfaction (H=10, M=5, L=1)	Apprenticeships and or training (H=10, M=5, L=1)	Meets statutory obligations (H=10, M=5, L=1)	Ensuring and maintaining compliance with decent home standards (H=10, M=5, L=1)	Total Weighted Score
Single Package	7	7	6	7	3	6	1	7	6	7	8	6	8	7	45.5
2 or more Management contracts	7	7	5	6	5	6	4	7	6	7	6	5	8	7	44.25
In House	8	8	5	1	2	6	1	7	7	8	5	6	8	7	42.25
Multi Lot	7	7	7	5	6	6	7	7	7	8	5	5	8	7	46.75
Criteria Weighting	1	0.75	0.5	0.75	0.25	0.25	0.25	0.25	0.75	1	0.5	0.25	0.25	0.25	

Maureen McLeney

Options	Maximise opportunities for local economy (H=10, M=5, L=1)	Maximise opportunities for local labour (H=10, M=5, L=1)	Likelihood of Service Improvements (H=10, M=5, L=1)	Transfer of risk away from LBB (H=10, M=5, L=1)	Contractual flexibility (H=10, M=5, L=1)	Likelihood of contract failure (H=1, M=5, L=10)	Impact of contract failure (H=1, M=5, L=10)	Risk of disrepair claims (H=1, M=5, L=10)	High quality repairs and service delivery (H=10, M=5, L=1)	High levels of resident engagement and satisfaction (H=10, M=5, L=1)	Using modern technology to improve efficiency and satisfaction (H=10, M=5, L=1)	Apprenticeships and or training (H=10, M=5, L=1)	Meets statutory obligations (H=10, M=5, L=1)	Ensuring and maintaining compliance with decent home standards (H=10, M=5, L=1)	Total Weighted Score
Single Package	3	5	4	2	4	5	1	7	6	5	7	6	8	5	32.25
2 or more Management contracts	5	5	4	4	6	7	3	7	6	6	7	6	8	5	37.75
In House	1	8	3	2	6	9	1	7	5	5	5	7	8	5	32
Multi Lot	8	8	6	8	8	7	8	7	7	8	7	5	8	5	51.75
Criteria Weighting	1	0.75	0.5	0.75	0.25	0.25	0.25	0.25	0.75	1	0.5	0.25	0.25	0.25	

Tony Wiggins

Options	Maximise opportunities for local economy (H=10, M=5, L=1)	Maximise opportunities for local labour (H=10, M=5, L=1)	Likelihood of Service Improvements (H=10, M=5, L=1)	Transfer of risk away from LBB (H=10, M=5, L=1)	Contractual flexibility (H=10, M=5, L=1)	Likelihood of contract failure (H=1, M=5, L=10)	Impact of contract failure (H=1, M=5, L=10)	Risk of disrepair claims (H=1, M=5, L=10)	High quality repairs and service delivery (H=10, M=5, L=1)	High levels of resident engagement and satisfaction (H=10, M=5, L=1)	Using modern technology to improve efficiency and satisfaction (H=10, M=5, L=1)	Apprenticeships and or training (H=10, M=5, L=1)	Meets statutory obligations (H=10, M=5, L=1)	Ensuring and maintaining compliance with decent home standards (H=10, M=5, L=1)	Total Weighted Score
Single Package	5	7	6	5	4	6	1	7	6	6	7	8	8	7	41.25
2 or more Management contracts	7	7	8	6	6	6	3	7	7	6	7	7	8	8	46.75
In House	8	8	6	2	6	8	1	8	7	8	7	8	8	7	46.75
Multi Lot	8	8	6	7	6	6	7	7	7	7	7	8	8	7	49.25
Criteria Weighting	1	0.75	0.5	0.75	0.25	0.25	0.25	0.25	0.75	1	0.5	0.25	0.25	0.25	

Ken Jones

Options	Maximise opportunities for local economy (H=10, M=5, L=1)	Maximise opportunities for local labour (H=10, M=5, L=1)	Likelihood of Service Improvements (H=10, M=5, L=1)	Transfer of risk away from LBB (H=10, M=5, L=1)	Contractual flexibility (H=10, M=5, L=1)	Likelihood of contract failure (H=1, M=5, L=10)	Impact of contract failure (H=1, M=5, L=10)	Risk of disrepair claims (H=1, M=5, L=10)	High quality repairs and service delivery (H=10, M=5, L=1)	High levels of resident engagement and satisfaction (H=10, M=5, L=1)	Using modern technology to improve efficiency and satisfaction (H=10, M=5, L=1)	Apprenticeships and or training (H=10, M=5, L=1)	Meets statutory obligations (H=10, M=5, L=1)	Ensuring and maintaining compliance with decent home standards (H=10, M=5, L=1)	Total Weighted Score
Single Package	5	5	5	4	4	5	1	7	6	6	7	6	8	6	37.5
2 or more Management contracts	6	6	4	5	6	7	3	7	6	6	7	6	8	6	41
In House	2	7	6	1	6	9	4	7	6	8	5	8	8	6	38
Multi Lot	7	9	6	7	9	6	7	7	7	8	7	5	8	6	50.75
Criteria Weighting	1	0.75	0.5	0.75	0.25	0.25	0.25	0.25	0.75	1	0.5	0.25	0.25	0.25	

Housing R&M Options Appraisal

3.2.1 LBBB Option Scoring continued

Jo Moore

Options	Maximise opportunities for local economy (H=10, M=5, L=1)	Maximise opportunities for local labour (H=10, M=5, L=1)	Likelihood of Service Improvements (H=10, M=5, L=1)	Transfer of risk away from LBBB (H=10, M=5, L=1)	Contractual flexibility (H=10, M=5, L=1)	Likelihood of contract failure (H=1, M=5, L=10)	Impact of contract failure (H=1, M=5, L=10)	Risk of disrepair claims (H=1, M=5, L=10)	High quality repairs and service delivery (H=10, M=5, L=1)	High levels of resident engagement and satisfaction (H=10, M=5, L=1)	Using modern technology to improve efficiency and satisfaction (H=10, M=5, L=1)	Apprenticeships and or training (H=10, M=5, L=1)	Meets statutory obligations (H=10, M=5, L=1)	Ensuring and maintaining compliance with decent home standards (H=10, M=5, L=1)	Total Weighted Score
Single Package	4	5	8	6	4	5	1	7	7	7	8	6	8	5	41.5
2 or more Management contracts	4	5	7	7	5	5	3	7	7	6	7	5	8	5	40.75
In House	7	8	5	1	4	8	1	7	6	7	4	6	8	5	39.5
Multi Lot	6	6	7	8	6	7	7	7	8	6	7	5	8	5	46.75
Criteria Weighting	1	0.75	0.5	0.75	0.25	0.25	0.25	0.25	0.75	1	0.5	0.25	0.25	0.25	

Sue Lees

Options	Maximise opportunities for local economy (H=10, M=5, L=1)	Maximise opportunities for local labour (H=10, M=5, L=1)	Likelihood of Service Improvements (H=10, M=5, L=1)	Transfer of risk away from LBBB (H=10, M=5, L=1)	Contractual flexibility (H=10, M=5, L=1)	Likelihood of contract failure (H=1, M=5, L=10)	Impact of contract failure (H=1, M=5, L=10)	Risk of disrepair claims (H=1, M=5, L=10)	High quality repairs and service delivery (H=10, M=5, L=1)	High levels of resident engagement and satisfaction (H=10, M=5, L=1)	Using modern technology to improve efficiency and satisfaction (H=10, M=5, L=1)	Apprenticeships and or training (H=10, M=5, L=1)	Meets statutory obligations (H=10, M=5, L=1)	Ensuring and maintaining compliance with decent home standards (H=10, M=5, L=1)	Total Weighted Score
Single Package	3	7	8	10	7	5	1	8	8	7	8	10	10	8	49
2 or more Management contracts	5	7	8	9	7	5	3	8	8	7	8	10	10	8	50.75
In House	1	10	6	1	10	10	8	6	6	7	6	10	10	7	42
Multi Lot	8	9	6	5	7	7	9	6	7	7	6	8	10	8	50.5
Criteria Weighting	1	0.75	0.5	0.75	0.25	0.25	0.25	0.25	0.75	1	0.5	0.25	0.25	0.25	

Hakeem Osainike

Options	Maximise opportunities for local economy (H=10, M=5, L=1)	Maximise opportunities for local labour (H=10, M=5, L=1)	Likelihood of Service Improvements (H=10, M=5, L=1)	Transfer of risk away from LBBB (H=10, M=5, L=1)	Contractual flexibility (H=10, M=5, L=1)	Likelihood of contract failure (H=1, M=5, L=10)	Impact of contract failure (H=1, M=5, L=10)	Risk of disrepair claims (H=1, M=5, L=10)	High quality repairs and service delivery (H=10, M=5, L=1)	High levels of resident engagement and satisfaction (H=10, M=5, L=1)	Using modern technology to improve efficiency and satisfaction (H=10, M=5, L=1)	Apprenticeships and or training (H=10, M=5, L=1)	Meets statutory obligations (H=10, M=5, L=1)	Ensuring and maintaining compliance with decent home standards (H=10, M=5, L=1)	Total Weighted Score
Single Package	6	5	7	7	2	9	1	4	7	7	9	8	8	8	45.25
2 or more Management contracts	7	6	9	8	6	7	5	2	9	8	8	8	8	9	52
In House	9	7	7	1	8	1	1	1	3	7	6	9	8	6	40.75
Multi Lot	9	9	6	9	7	4	4	2	5	6	6	7	8	7	48
Criteria Weighting	1	0.75	0.5	0.75	0.25	0.25	0.25	0.25	0.75	1	0.5	0.25	0.25	0.25	

Andrew Sivess

Options	Maximise opportunities for local economy (H=10, M=5, L=1)	Maximise opportunities for local labour (H=10, M=5, L=1)	Likelihood of Service Improvements (H=10, M=5, L=1)	Transfer of risk away from LBBB (H=10, M=5, L=1)	Contractual flexibility (H=10, M=5, L=1)	Likelihood of contract failure (H=1, M=5, L=10)	Impact of contract failure (H=1, M=5, L=10)	Risk of disrepair claims (H=1, M=5, L=10)	High quality repairs and service delivery (H=10, M=5, L=1)	High levels of resident engagement and satisfaction (H=10, M=5, L=1)	Using modern technology to improve efficiency and satisfaction (H=10, M=5, L=1)	Apprenticeships and or training (H=10, M=5, L=1)	Meets statutory obligations (H=10, M=5, L=1)	Ensuring and maintaining compliance with decent home standards (H=10, M=5, L=1)	Total Weighted Score
Single Package	5	6	3	3	3	3	10	5	3	5	4	8	7	7	33.25
2 or more Management contracts	6	7	5	5	4	3	10	6	4	6	5	8	8	8	40.75
In House	7	8	6	1	5	2	10	6	5	5	7	10	7	7	40.75
Multi Lot	8	8	8	7	7	5	4	7	7	8	6	6	8	8	50.75
Criteria Weighting	1	0.75	0.5	0.75	0.25	0.25	0.25	0.25	0.75	1	0.5	0.25	0.25	0.25	

Christopher Bayo

Options	Maximise opportunities for local economy (H=10, M=5, L=1)	Maximise opportunities for local labour (H=10, M=5, L=1)	Likelihood of Service Improvements (H=10, M=5, L=1)	Transfer of risk away from LBBB (H=10, M=5, L=1)	Contractual flexibility (H=10, M=5, L=1)	Likelihood of contract failure (H=1, M=5, L=10)	Impact of contract failure (H=1, M=5, L=10)	Risk of disrepair claims (H=1, M=5, L=10)	High quality repairs and service delivery (H=10, M=5, L=1)	High levels of resident engagement and satisfaction (H=10, M=5, L=1)	Using modern technology to improve efficiency and satisfaction (H=10, M=5, L=1)	Apprenticeships and or training (H=10, M=5, L=1)	Meets statutory obligations (H=10, M=5, L=1)	Ensuring and maintaining compliance with decent home standards (H=10, M=5, L=1)	Total Weighted Score
Single Package	2	3	2	7	3	2	10	2	5	6	7	6	5	6	32.25
2 or more Management contracts	6	6	7	8	5	7	5	6	8	7	7	6	5	8	47
In House	8	7	6	0	6	8	8	8	8	9	6	9	8	7	47.75
Multi Lot	10	8	7	7	6	7	5	7	7	6	5	6	6	6	49.25
Criteria Weighting	1	0.75	0.5	0.75	0.25	0.25	0.25	0.25	0.75	1	0.5	0.25	0.25	0.25	

3.3 Scoring Summary & Conclusions

Based on the data extracted from HouseMark and the Officer scoring; the 2 or more management contracts and Multi Lot option are tied. The Multi Lot option scored most highly against LBBD's strategic criteria but was the joint lowest from the HouseMark data. The main reason for the low score was the inclusion of LB of Southwark data. LB of Southwark is a unique housing Borough with comparable decency most exceptionally low tenant satisfaction. This low satisfaction has contributed to the low HouseMark scoring against the Multi Lot option. Even with the inclusion of these unique Boroughs e.g. City West, LB of Haringey, and LB of Southwark etc the HouseMark scoring is still very even against the four options.

Options	Benchmark Scoring via HouseMark (30%)	Weighted LBBD qualitative Scoring (70%)	Total Weighted Scoring
Single Package	↑ 23	↓ 41	64
2 or more Management contracts	↑ 25	→ 44	69
In House	↓ 20	↓ 42	62
Multi Lot procurement	↓ 20	↑ 49	69

4 Geographical Scope and Contract Type

Of the four options that have been taken forward, there are a number of further decisions that need to be made. These further decisions can be broadly categorised in terms of geography and contract type.

4.1 Geographical Options

In term of geographical split, the following may be possible:

Option 1 - Single Borough Wide Contract		
Pros	Cons	Recommendation
<p>Reduces the amount of client co-ordination and management. Enables a slim client side. One single point of contact and responsibility. More likely to encourage investment and technological innovation from contractor, especially if a longer term contract. Could encourage greater community engagement if managed appropriately.</p>	<p>Geared mainly towards the larger firms. Limits those firms who can participate to a restricted number of large operators who may sub-contract. Lack of competition once the contract is in place which could lead to complacency from the incumbent contractor.</p>	
Option 2 - Divide contract into two geographic areas		
Pros	Cons	Recommendation
<p>Increased competition between contractors. Could allow some smaller firms to enter the market. Could allow for alternative provision on some functions (e.g. voids, planned maintenance) Spreads risk of a complete contract failure</p>	<p>Requires increased client co-ordination and management. Requires OJEU advertisement so no guarantee that two separate firms appointed. Increased duplication, and contractor profit and overhead costs. Increased procurement costs. Could develop two levels of service within the borough.</p>	
Option 3 - Divide Contract into multiple areas		
Pros	Cons	Recommendation
<p>Increased competition. Could allow more smaller companies to participate. Could allow for alternative provision on some functions (e.g. voids, planned maintenance)</p>	<p>Requires much increased client resources to ensure that levels of quality, safety etc. maintained. Would include increased client co-ordination (call centre). Requires OJEU advertisement so no guarantee that smaller companies engaged. Increased duplication and contractor profit and overhead costs. Problem to ensure consistency of standards delivered to tenant. Increased Procurement costs.</p>	

4.2 Contract Options

In term of contract type, the following may be possible:

Option 1 - Measure Term Contract		
Pros	Cons	Recommendation
<p>Conventional, easily understood. Can be based on agreed standards (e.g. NFHA).</p>	<p>Prices set at outset and contain profit/overhead. Often opaque and little scope to investigate real cost of work. Difficult to ascertain actual works required since there is an incentive to “job build” on site. Difficult to predict outturn costs unless demand is actively managed. Set in stone and little option to get cost improvements over term of contract.</p>	

Option 2 - MTC using basket rates		
Pros	Cons	Recommendation
<p>Conventional, easily understood. Basket rates can be adjusted for local conditions. Easier to manage.</p>	<p>Prices set at outset and contain profit/overhead. Often opaque and little scope to investigate real cost of work. Possible overpayment if not all elements in basket require to be done. Difficult to predict outturn costs unless demand is actively managed. Set in stone and little option to get cost improvements over term of contract.</p>	

Option 3 - Target Cost (e.g. cost per property)		
Pros	Cons	Recommendation
<p>Overall contract cost likely to be more predictable. Easier to manage.</p>	<p>Depends upon a good understanding of current costs to ensure value for money. Target cost no guarantee of maximum cost if scope changes (which it will do if information not robust).</p>	

Option 4 - Guaranteed Maximum Cost/ Agreed maximum Price(e.g. output cost per property)		
Pros	Cons	Recommendation
<p>Often based on a guaranteed cost to keep each property in its current condition. Can predict cost of service. Easy to manage</p>	<p>Requires completely reliable information on current stock condition before contractor will commit. Will require planned maintenance to be included to allow contractor to commit. Likely to favour larger contractors who can bear risks.</p>	

Option 5 - Partnering Arrangement based on Target Cost/AMP		
Pros	Cons	Recommendation
<p>Can use any of above but Target Cost or AMP/GMP give more predictable costs. Can use open book accounting and guaranteed profit/overhead to look at real cost of service.</p>	<p>Requires active client management and transparent/comprehensive cost data from contractor to get cost efficiencies. Will require planned maintenance to be included to allow contractor to commit.</p>	

Can get greater cost efficiencies over term of contract	Likely to favour larger contractors who can analyse cost and bear risks.	
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Option 6 - Partnering Arrangement based on MTC		
Pros	Cons	Recommendation
<p>Could engage Contractor on MTC which can be migrated to an AMP arrangement after a period of analysis by Contractor and Client.</p> <p>Can use open book accounting and guaranteed profit/overhead to look at real cost of service.</p> <p>Can get greater cost efficiencies over term of contract</p>	<p>Requires active client management and transparent/comprehensive cost data from contractor to get cost efficiencies.</p> <p>The two stage nature could place chosen contractor in an advantageous position.</p> <p>Will require planned maintenance to be included to allow contractor to commit.</p> <p>Likely to favour larger contractors who can analyse cost and bear risks.</p>	

Of the above geographical and contractual options, not all are suitable to take forward in all cases. The table below summarises the contractual and geographical options in relation to each of the short listed functional options:

Options	Payment / Contractual Options	Payment / Contractual Option Available (Yes / NO)	Likely Contract duration (years)	Could this contract be split amongst 2 areas	Could this contract be split amongst multiple areas	Preferred Contract Option
Single Package	Measure Term Contract (MTC)	Yes	3-5 yrs	No	No	Contract option will depend on level of management expertise. More management expertise needed the further down the list you go.
	MTC using basket of rates	Yes	3-5 yrs			
	Target Cost	Yes	3-5 yrs			
	Guaranteed Maximum Cost	Yes	3-5 yrs			
	Partnering Agreement	Yes	7-10 yrs			
2 or more Management contracts	Measure Term Contract (MTC)	Yes	3-5 yrs	Yes	Yes	Contract option will depend on level of management expertise. More management expertise needed the further down the list you go.
	MTC using basket of rates	Yes	3-5 yrs			
	Target Cost	Yes	3-5 yrs			
	Guaranteed Maximum Cost	Yes	3-5 yrs			
	Partnering Agreement	Yes	7-10 yrs			
In House	Measure Term Contract (MTC)	No	NA	No	No	In-house partnering arrangement. Payment method to be agreed with in-house contractor. Could allow future migration
	MTC using basket of rates	No	NA			
	Target Cost	No	NA			
	Guaranteed Maximum Cost	No	NA			
	Partnering Agreement	No	NA			
Multi Lot procurement	Measure Term Contract (MTC)	Yes	3-5 yrs	Yes	Yes	Either Option depending on preference
	MTC using basket of rates	Yes	3-5 yrs			N/A
	Target Cost	Yes	3-5 yrs			N/A
	Guaranteed Maximum Cost	No	3-5 yrs			N/A
	Partnering Agreement	No	7-10 yrs			N/A