

CABINET

23 August 2011

REPORT OF THE CABINET MEMBER FOR HOUSING

Title: Housing Repairs and Maintenance Procurement	For Decision
<p>Summary:</p> <p>The existing planned and reactive housing repairs contract is due to expire in April 2013. Due to the long lead in times needed for any new contract arrangement in order to comply with EU and other statutory requirements, work now needs to be progressed to enable new contracts to be let in advance of April 2013. As part of this process it is essential that the Council look in detail at its service requirements for the future, how the service should be provided to ensure it meets its statutory obligations, whilst also delivering best value. This report sets out the issues to be considered and proposals for the provision of this service for the future. The proposals have been informed by an Option Appraisal undertaken by Elevate and key council officers across repairs, housing, finance and assets and commercial services, as well as through the initial feedback from surveys and focus groups with residents. Further work will be required during this procurement process to develop repairs policies and standards, ongoing resident engagement, and detailed proposals in respect of contract structures/pricing mechanisms and ongoing governance arrangements.</p> <p>Wards Affected: All</p>	
<p>Recommendation(s)</p> <p>The Cabinet is recommended to agree:</p> <ul style="list-style-type: none">(i) The commencement of the procurement of housing repair and maintenance contracts in accordance with the proposals detailed within this report.(ii) To delegate authority to the Corporate Director of Customer Services, in consultation with the Corporate Director of Finance and Resources, the Divisional Director for Legal and Democratic Services and the Cabinet Members for Housing and Finance, Revenues and Benefits, to agree the procurement strategy (including the procurement procedure, contract structure, contractor selection and evaluation criteria and detailed proposals for client management of the contracts) and commence and undertake the procurement; and(iii) Note that on completion of the procurement exercise a further report will be brought to Cabinet for final decisions on the award of contracts.	
<p>Reason(s)</p> <p>To achieve the Council's priority of "Housing and Estate Renewal", by improving housing conditions and quality of life for residents. Also supporting the corporate themes of 'Better Together' and 'Better Home'.</p>	

Comments of the Chief Financial Officer

There are significant financial implications arising from the re-tendering of this contract and it is proposed that there will be financial representation by the project team for this procurement exercise so that all financial issues will be addressed as part of the procurement strategy for this project.

The existing contract arrangements have been benchmarked as representing a fairly high unit cost and therefore it should be possible to secure procurement savings in the re-tendering of this contract.

In the re-tendering of this contract it will be important to ensure that the impact of the phasing of the Estate Renewals project and loss of stock is taken into account as well as factoring in the proposed use of the decanted properties as temporary accommodation, as well as any increase in stock numbers through the New Build programme.”

Housing have made provision for £250K as a one off project cost in the HRA budget to support this procurement. This is intended to address additional legal and HR support that may be needed as well as resident involvement and IT support. For 2011/12 the amount of £100k is contained within the forecast outturn position for period 2. Any further costs must be incorporated in the HRA Business Plan for the 2012/13 financial year

All future Repairs & Maintenance arrangements will need to be contained within the provision set within the HRA budgets which will be determined by the overall HRA business plan currently being developed in readiness for self-financing from April 2012.

There may also be termination costs in ending the existing contract and capital expenditure requirements in establishing new infrastructure for the option chosen but it may be possible to absorb these into the new contract.

The impact on the Council's liability for any pension indemnification will also need to be assessed.

Legal Implications (Divisional Director for Legal & Democratic Services)

This report sets out the outline proposals for the procurement of the Housing responsive and maintenance (and associated) services that are currently being provided by a single contractor. The proposal is to restructure the services and the manner in which they will be delivered. Details of the structure and procurement strategy are being worked upon by officers but a final strategy is not as yet agreed. an Officer Working Group has been established to work on this project consisting of senior officers from Housing, Finance (inc Asset Management) and the legal Practice.

This report therefore seeks Cabinet's in-principle agreement to the outline strategy set out in the report and seeks Cabinet delegation to the Corporate Directors for Customer Services and Finance to finally agree the procurement strategy and process, subject to consultation with the Lead Members. In addition the Corporate Directors of Customer Services and Finance will commence and progress the procurement, and subsequently report back to Cabinet for final award of the contracts,

Under the Council's constitution, the procurement strategy for contracts with a value in

excess of £400,000 must be approved by Cabinet but Cabinet can delegate this function to Officers if it deems this appropriate.

The legal implications are substantial. The scale of the works brings it within the European Procurement Regime. This will require publishing of a Notice seeking interest in the Official Journal of the European Union and compliance with proscribed processes and timescales as well as European Case Law challenge periods.

In addition there are likely to be significant legal implications in terms of the Acquired Rights Directive and the Transfer of Undertaking Regulations (TUPE). The changes are likely to have implications for the Superannuation Fund as a proportion of the Enterprise workforce were previously employees of the Council prior to the commencement of the original Thames Accord contract and were transferred over. Enterprise maintains the pension arrangements via an admitted body status.

There will also be a need to consider the future of the current council facilities such as Pondfield House and the disposal and acquisition of plant services and novation of existing agreements.

Finally, a proportion of the services and works carried out are part of the landlord's obligation under both statute and the tenancy agreements. This must be carried out to a high standard and not subject to interruption or performance downgrade during the transition periods.

Further legal issues are set out in section 9 of this report.

The involvement of Legal and Finance in the Working Group and the requirement for Member and Legal consultations will ensure that appropriate professional and expert advice is received throughout the process and thus ensure financial probity and legal and governance compliance.

Cabinet Member: Councillor Phil Waker	Portfolio: Housing	Contact Details: Tel: 020 8227 2892 E-mail: philip.waker@lbbd.gov.uk
Head of Service: Maureen McEleney	Title: Interim Divisional Director of Housing and Neighbourhoods	Contact Details: Tel: 020 8227 3738 E-mail: Maureen.McEleney@lbbd.gov.uk

1. Background

- 1.1 The council's current planned and reactive housing repairs contract with Enterprise is due to expire on 30th April 2013.
- 1.2 The Housing and Neighbourhoods service is responsible for the provision of day to day repairs to the Council's housing stock of over 22,000 homes including more than 3,000 leaseholders. On 30th April 2003 the London Borough of Barking and Dagenham entered into a contract with Thames Accord Limited for the provision of void repairs and planned and reactive maintenance works to the Council's housing

stock. Enterprise took over the parent company of Accord on 12th September 2007 and became responsible for delivery of the main contract and all sub contracts.

- 1.3** The term of the contract is for a period of 10 years from 1st May 2003. The contract was procured on the basis of partnering principles. In broad terms, Enterprise has an obligation to control the work flow through the contract to remain within the Council's allocated budget, called the Target Price within the contract. If Enterprise exceeds the Target Price without express authority from the Council, the risk falls on Enterprise. To help Enterprise manage the risk, the contract gives Enterprise the right to scale down or even suspend large areas of the service if economic and financial circumstances so warrant. There are also risk sharing arrangements in the contract for particular circumstances, and should they occur then the Council is required to bear the full liability of the cost incurred in dealing with the risk.
- 1.4** The contract included a number of key performance indicators from the outset and practice has been to set annual performance targets in order to achieve top quartile performance when compared with similar organisations
- 1.5** In recent years concerted efforts have been made in partnership with Enterprise to deliver better value for money by both improving performance and reducing costs. This has included stronger clienting of the contract. This has resulted in significant year on year reductions in the Target Price since 2008/09. For 2011/12 the Target Price has been set at £17million.

The achievement of a continuing lower cost is a result of efficiencies being implemented by Enterprise through their improvement plans that have been jointly developed and implemented with Housing and Neighbourhood Services, as well as by changes in stock levels.

However, current benchmarking information suggests that the Council's expenditure on repairs and maintenance is higher than other boroughs, and future arrangements will seek to enable these costs to be further reduced.

- 1.6** The current contractual arrangements are not aligned with modern standards for maintenance services nor deliver the optimum balance between value and performance. The current contract is due to expire in April 2013 and planning for a new procurement is now necessary. This presents an opportunity to consider the council's strategic aims for the repairs service and how these aims can best be achieved. The aims for the repairs service are:
 - High quality repairs and service delivery
 - Value for money
 - High levels of resident engagement and satisfaction with the repairs service
 - Using modern technology to improve efficiency and satisfaction
 - Support the local economy, including Small and Medium size Enterprises
 - Secure opportunities to ensure the repairs contract arrangements contribute to meeting the council's wider ambitions in respect of training and employment opportunities for residents.
 - Minimize and wherever possible prevent the need for future investment by protecting the Councils assets.
 - Ensuring that the Council complies with its statutory obligations to maintain properties safely through gas checks etc

- Ensuring compliance with landlord obligations in terms of mandatory services such as maintenance of building exteriors; roofs; gutters, keep in repair and proper working order the installations for the supply of water, gas and electricity and including basins, sinks, baths and sanitary conveniences and the supply of water, gas and electricity etc
- Minimising the risk of disrepair claims
- Ensuring and maintaining compliance with decent home standards

The Council has been securing procurement support through our new joint venture company Elevate East London LLP for this Repairs and Maintenance procurement. It is proposed that Members and residents will be involved in the development of the detailed proposals for the repairs service and in the procurement process.

1.7 The Housing and Neighbourhoods Service is currently developing an asset management strategy for its housing stock following completion of a stock condition survey. The Housing Revenue Account reforms which come into effect in April 2012 offers an opportunity for better long term planning of investment in the Council's stock, and this is being reflected in the Council's developing Asset Management Strategy. The procurement of revised repairs and maintenance services will be considered, together with the procurement of capital improvement frameworks to ensure that overall better value for money is delivered, synergies identified and timing of contract letting and expiry is coordinated. The potential to link with future borough wide contracts for non housing buildings will also be explored. The Asset Management Strategy will set out how the council will make best use of its housing stock and related land and assets, its investment plans and the interrelationship of capital and revenue investment. The council's arrangements for repairs and maintenance will form an important element of this strategy including the extent to which repairs information will be used to inform investment decisions through high quality data analysis, and how investment can be targeted to reduce ongoing revenue costs.

1.8 The current service delivers circa 80,000 responsive repairs each year including 11,800 repairs to communal areas. Additionally around 1,300 voids are worked on each year and returned to general housing. The statutory obligation to check and service gas installations is completed each year to 17,800 homes. There are also a range of inspections carried out to items such as communal lifts, dry risers, water pumps, communal boilers and emergency lighting systems. Set out below is the breakdown between responsive, void and planned works in 2010/11.

Number of Jobs	
Responsive	79,119
Voids	1,268
Planned incl gas servicing	34,719

1.9 The current contract arrangement provided through Enterprise is a comprehensive borough wide service including:

- Clienting and management of the repairs service including diagnostics, inspections, quality assurance and service development
- Call centre provision (which has recently been relocated to Liverpool)
- Complaints handling
- Void management
- Provision of a responsive repair service
- Delivery of cyclical inspections and repairs
- Any improvement or additional work requested by the client

1.10 The current contract arrangements provide for a monthly fee to be paid to Enterprise based on the Target Price which covers all aspects of Enterprise's management and delivery of the contract, including clienting responsibilities. In order to oversee delivery by Enterprise and to ensure accurate billing and charging the Housing and Neighbourhoods Service also has a small client team. It will be important that any future arrangement eliminates any duplication of client arrangements in order to effectively manage the contracts.

1.11 In respect of key areas of performance, the end of year report details the following performance:

- Average time to return all voids – 29 days
- Percentage of Jobs completed on time – 98.1%
- Properties with a gas safety certificate – 99.9%
- Percentage of jobs completed by appointment – 95.7%

This shows that performance is variable on the targeted performance indicators, however these indicators are limited in range.

1.12 The procurement of the repairs and maintenance service provides an opportunity to ensure any new arrangements support the Customer Access Strategy, providing an emphasis on channel shift through greater use of internet repairs reporting and monitoring, as well as through a reduction in avoidable contact through improved appointment systems, 'text – ahead' appointments and an emphasis on right first time.

1.13 The application of the Customer Access Strategy will provide an opportunity to create a more customer focused and efficient service. Particular areas to be considered with residents and members include:

- Repair standards
- Appointments
- Women only repairs service for women who request this
- Collection and utilisation of vulnerability information
- GPS tracking
- Text ahead appointments
- Internet repairs reporting and monitoring
- Void standards
- Performance standards and measures
- Accountability
- Ease of contact
- Right first time

2. Proposal

- 2.1** It is proposed to commence the procurement process in order to have in place new arrangements for delivery of repairs and maintenance services from 1st May 2013.
- 2.2** The procurement process will be managed to address all of the issues set out below to ensure a robust outcome is presented for decision by Cabinet at a later date.

3. Programme

- 3.1** The timescales for procuring new contracts, specifying the service and service standards, carrying out required consultation, obtaining all necessary approvals and having sufficient time to mobilize new arrangements are short, and significant focus and resource will be needed to deliver on time.
- 3.2** Work has been carried out to map existing contracts and procurements including the scope, timing and contract length of all existing frameworks. The proposed length and scope of the future repairs and maintenance arrangements have taken into account future capital procurement and investment options that may be available as a result of HRA self financing and the potential to front load investment. This could result in linked capital and repairs and maintenance contracting arrangements in the future. It is currently proposed that contract lengths will be between 3-5 years (depending on the type of work involved) with options to extend, to ensure staggered re letting arrangements are put in place and that flexibility is maximized.

4. Contract Options

- 4.1** In assessing potential future arrangements consideration has been given to:

- Delivering the council's strategic aims for the repairs service
- Achieving the appropriate balance between clienting responsibility and control, and contractor delivery
- Customer satisfaction and local delivery options
- Scale and scope of contracts to achieve efficiency and make best use of modern technology
- Minimising overheads and duplication
- Maximizing opportunities for local employment including local businesses
- Minimising risk

- 4.2** There is a wide range of commissioning approaches available to the council in determining the procurement options for repairs and maintenance services. These include:

- Reprocurer the management and delivery of this service as a single package of work with all aspects of the service managed by the provider. As this potentially requires significant investment by the provider the contract term would need to be a minimum of seven years. This is a high risk approach as the council has limited control, and few options in the event of contract failure.

- Deliver the whole service in house. This would mean creating a Direct Labour Organisation to deliver the repairs and maintenance service. This approach would still need market testing to establish value for money. However as there is an extremely well developed market for the provision of repairs and maintenance services this option would not be recommended.
- Seek tenders for two or more management contracts delivering all aspects of the repairs and maintenance service within discrete geographical areas. This approach is unlikely to offer best value as there would be a degree of duplication arising from the contractor's management of any subcontractors and the council's client management of the contracts. There would also be a need to consider call centre arrangements.
- Seek combined capital and ongoing revenue repairs contracts. This option is only viable where there is a long term capital investment plan in place. This may therefore be an option for the future when investment plans are further developed but is not yet considered a viable option.
- Separately let contracts for identified specialisms and for general breakdown repairs (a 'multi lot' approach). This option would require the Council to directly client manage the contracts, as well as manage complaints and access to the repairs service through a call centre. This option best matches the Council's aims for this procurement as established through the Option Appraisal carried out by Elevate, Assets & Commercial Services, Finance and Housing. The Option Appraisal is attached as Appendix 2. A summary of the Option Appraisal and further details on the proposals are set out below.

4.2.2 Option Appraisal

The Option Appraisal considered a wide range of contracting options which were then subject to an initial assessment to enable a short list of options to be developed for more detailed analysis. Housemark data, as well as a detailed scoring and assessment against the Council's objectives for the repairs and maintenance service formed part of the option appraisal. Housemark is an independent benchmarking organisation for Councils, ALMO's and RSL's which collects, collates and analyses benchmarking data. The results of this appraisal established that whilst a number of the options are relatively balanced in respect of cost, value for money and quality, a 'multi lot' approach is seen as the best match to the Council's overall objectives for this service. Further details are set out in Appendix 2

4.3 Future Contracting Proposals

The proposals address the key considerations highlighted above and propose a mixed provision for future repair and maintenance contracts which includes:

- In house clienting
- Separate call centre provision
- Direct provision of handy person service linked to local areas
- Separate contracts for specialisms (see para 4.3.4 for further information)
- Separate contracts for general repairs.

Further information of these proposals is set out below

4.3.1 Clienting arrangements

In any new arrangement it will be important to address the need for clear clienting and management of R&M budgets and contracts as well as to control the work ordered and delivered. This will need to include diagnostics, pre and post inspections, resident satisfaction as well as performance management and reporting. Where clienting is carried out by the contractor there remains a requirement to in turn client and check the arrangements. It is therefore important that any new arrangements provide for in house clienting to reduce double handling and reduce overheads. This then enables an 'intelligent client' function to provide proactive clienting, identifying areas to reduce demand, improve quality and ensure that capital and revenue links are made in order to target investment most effectively. This will also involve working closely with residents to manage the causes of demand as well as more accurate diagnosis and response. The clientside arrangements will also need to take into account invoicing and payment arrangements to a wider range of contractors. The current cost of the clientside provided by Enterprise is approx £2.0m per year and it is estimated that a single client structure could be delivered in the future for a cost of £1.5m.

4.3.2 Handyperson arrangements

It is proposed that a handyperson service be provided in house, linked to the wider locality management arrangements, providing a direct local service, addressing minor repairs. Depending on the volume of repairs to be carried out through a handy person service it is estimated that this service would cost approximately £3m per year (including staff, materials, vehicles and management).

4.3.3 Repair contracts

A general repairs contract for breakdown repairs of sufficient scale to enable the contractor to make best use of technology in respect of GPS tracking/texting ahead/IT interfaces etc. in order that service improvement and efficiency are secured. Further detailed analysis of the likely repair volumes is being carried out in respect of the balance to be carried out either through a contract or through the handy person service.

Estimated yearly value £6m

It does however need to be recognised that there is an interrelationship between the handyperson service and the repairs contract and these therefore need to be considered as a total package in respect of cost.

Proposed contract length 5 years (with option to extend by 2 years)

4.3.4 It is also proposed that void works are let as a separate strand of work potentially in a number of packages to encourage competition and quality. It is anticipated that this work will be particularly attractive to local firms.

Estimated yearly value £3.0m

Proposed contract length 5 years (with option to extend by 2 years)

4.3.5 Planned/cyclical contracts

To be let for planned servicing work with contracts for all specialist services including:

- Gas servicing and breakdowns
Estimated yearly value £1.0m
Proposed contract length 3 years (with option to extend by 2 years)

- Dry riser testing
Estimated yearly value £15k
Proposed contract length 3 years (with option to extend by 2 years)

- Water management sampling and surveys
Estimated yearly value £90k
Proposed contract length 3 years (with option to extend by 2 years)

- Door entry systems
Estimated yearly value £15k
Proposed contract length 3 years (with option to extend by 2 years)

- Lift servicing and breakdowns
Estimated yearly value £115k
Proposed contract length 3 years (with option to extend by 2 years)

- Asbestos
Estimated yearly value £200k
Proposed contract length 3 years (with option to extend by 2 years)

- General Mechanical and Electrical
Water pumps, communal boilers, lightning conductors, emergency lighting, fire alarms
Estimated yearly value £100k
Proposed contract length 3 years (with option to extend by 2 years)

- Domestic Stairlifts
Estimated yearly value £75k
Proposed contract length 3 years (with option to extend by 2 years)

The potential to link these contracts with new or existing non housing contracts will be explored as part of this process and the need for any other specialisms will also be examined. It is anticipated that due to value and scale, these contracts would each be awarded to one contractor to provide a borough- wide service in respect of each specialism with no second contractor appointed. These contracts will also include associated repairs.

It is proposed that contract bidders will be able to bid for one or more packages of work.

4.3.6 Renewal/capital contracts

These link to the capital strategy and include

- Kitchens
- Bathrooms
- Roofs
- Windows
- Boilers/heating

These framework arrangements are currently being reprocured and the proposals for repairs and maintenance will be developed in synergy with these arrangements.

4.4 Contract Issues

The proposals in this Report form one overall procurement exercise, however it is envisaged that there will be separate contracts for each of the defined elements. This exercise is therefore likely to result in a range of different contractors being appointed for contracts of varying length. Contractors may however bid for more than one contract within the overall procurement. It is proposed that any contracts will be awarded on the basis of the most economically advantageous tender. Decisions on the contract type to be applied to each contract will be developed as part of the evaluation process, and could range from a traditional contract to a more partnering form of contract. However repairs and maintenance contracts will often lend themselves to more traditional forms of contract. The proposed length of each contract is between 3 and 5 years with an option to extend for a further 2 years in each case. Further work will be carried out to determine the final pricing / payment mechanism. Options include schedule of rates, open book, profit share, price per property or transfer of budget etc. In addition, decisions will also be needed on any break clause provisions, as well as incentives and penalties etc. These decisions will then help inform the design of the client side for robust management of the contract arrangements, as well as driving continuous improvement, quality control and monitoring. These issues will be determined and developed as part of this procurement process and appropriate legal, financial and technical advice will be sought.

Detailed evaluation criteria will be developed tailored to each contract and it is proposed that any contract award will be based on a 60:40 ratio of price and quality.

The overall evaluation criteria will include:

Assessment of the individual method statements requested for each contract
Customer care
Quality initiatives
Health and safety
Support for wider council objectives including employment and training
Financial standing
Contract management arrangements
Experience and expertise in the particular contract area

Experience of managing similar scale and value contracts in the particular contract area
Sustainability
Added value and innovation
Workforce planning and management (including direct employment)
Response to specification and quality of proposals
Efficiency proposals
Resident involvement and engagement

Some evaluation criteria will also be applied at the pre qualification stage to ensure a short list is established that meets a minimum financial and quality threshold for those to be invited to submit tenders.

There are four overall ways in which the Council will seek best value and continuous improvement from the proposed repair arrangements and these include:

- The pre qualification criteria and evaluation criteria set for the procurement process
- The quality of the specification issued for each contract.
- The terms of the contract and the controls set out within this.
- Clear client side arrangements to manage the contracts

All of the above contribute to ensuring that the right contractors are selected and the right quality and ongoing management of the contract is achieved.

4.5 Call centre – options for future provision

In any arrangement where repairs and maintenance work is split between a number of providers (either by specialism or by geographic area) there will be a need to consider future call centre arrangements, including emergency call out. The options for the procurement of this service need to be explored including consideration of the existing call centre arrangements with Elevate, as well as market testing to establish best value, service expertise and quality. In respect of emergency call out it is proposed that the Council explore adding out of hours repairs calls to the existing consortium arrangements for non housing calls.

The current cost of the call centre is approx £478,000 per year.

4.6 People Matters

- 4.6.1** There is a wide range of staffing and structural issues arising from these proposals, all of which will require detailed development during this procurement process.
- 4.6.2** There will possibly be a transfer of undertakings involving employees of the existing Contractor, in the event of new contractors being awarded future contracts, and therefore transfer of undertakings protection of employment regulations will apply. It will be important that the Council continue to work closely with Enterprise on existing priorities in respect of staffing to ensure that issues are addressed in advance of any potential future TUPE.

There are currently around 172 operatives engaged by Enterprise and approx 111 back office staff (including 30 call centre staff and 30 providing a client side function).

- 4.6.3** In some instances there will be a TUPE transfer from the existing contractor to any new contractor and the extent to which TUPE will apply will depend on the work being undertaken by each employee. This will be a matter for the respective contractors to address. In other instances there will be a potential TUPE transfer to the council, for those aspects of service which it is proposed be directly provided. The extent of any TUPE will again depend on the work currently being undertaken by employees at the point of transfer. Detailed structures and job descriptions for any proposed in house services will be developed and consulted on with staff and Trade Unions. In the event that there are posts that remain vacant following any TUPE then normal recruitment processes will be needed.
- 4.6.4** The potential creation of new teams and new functions will require detailed training programmes to be developed alongside the development of procedures and processes to aid service delivery.
- 4.6.5** Location, accommodation, and management arrangements will all also be addressed as part of the preparations.
- 4.6.6** In addition to TUPE options for current Enterprise staff, the Council would also encourage and support the development of any proposal from Enterprise staff for a social enterprise company to bid for some or all aspects of the proposed contracts. This could be formed as a mutual company by the current staff.
- 4.6.7** Whilst any formal TUPE process would not apply until a relatively late stage of the process, it is proposed that the Trade Unions be kept informed of the procurement process and any potential workforce implications. Individuals identified as having a TUPE right will be formally consulted as part of the process. However, it will be the responsibility of their Employer to ensure full compliance.
- 4.6.8** There could be cost implications to the Council's Superannuation fund as many Enterprise employees remain within the Council's Scheme as Enterprise has "admitted Body Status," that is to say the pension arrangements are as if they remained employees of the Council. Changes in the staffing levels post this contract are likely to present costs where staff elect to take retirement and this is agreed as part of the arrangements.

4.7 Local Economy and Local Employment

- 4.7.1** The proposed arrangements are designed to encourage a wide range of contractors to submit proposals including local Small and Medium size Businesses (SME's), and there is also the potential for this to be supplemented by estate based packages at a local level in the future. In addition to the proposals for specialist contracts, it is also proposed that void work will be let as separate contracts, and the procurement team are exploring the scope for this to be broken down into a number of packages to encourage competition and quality, This again offers opportunities for local companies as this general building work forms a key part of the local economy, and smaller contract packages will enable smaller firms to bid for this work. It is intended that officers involved in the procurement will work closely

with the Economic Development Team to ensure local companies are made aware of the contract opportunities arising from these procurement proposals, which could involve holding meetings with potential bidders, supporting consortia arrangements as well as encouraging local community enterprises/co-operatives.

- 4.7.2** It is proposed that the main repairs and maintenance contract will be a single contract and that within tendering constraints, the Council will be seeking to ensure that there is as much local spend as possible through this contract. There are also proposals for an in-house handy person service which will form part of the locality management structure and in the future it is proposed that this will be integrated with other housing and environmental locality based services. This also provides the potential to look at alternative models for local service delivery in the future through local firms and local community enterprises, providing a supplement to the repairs and maintenance contract as well as the handy person service.
- 4.7.3** Potential contractors will also be required to set out their proposals in respect of local labour schemes as well as apprenticeships and training initiatives.
- 4.7.4** The proposed arrangements will also take into account the Government's proposed tenant cashback scheme which is currently the subject of consultation. This proposes a model that gives tenants opportunities to undertake or commission routine repair tasks themselves, as well as an opportunity to share in any resulting efficiencies. No details have yet been provided about these proposals although the consultation indicates that the government does not intend to prescribe how any scheme should operate in a particular area. However the consultation does state that landlords should offer opportunities for tenants to be involved in managing repairs and maintenance services and to share in any savings made. Tenant cashback schemes are currently being piloted by a number of social landlords and the findings from the pilots will be used to help inform any proposed arrangements for Barking and Dagenham.

4.7.5 Estimated future costs

It is predicted that the proposed arrangements will secure savings against the current costs of the R&M service. This will secure two key benefits:

- Repair standards and services can be enhanced enabling, for example, higher void standards, extended range of repairs carried out, including to those identified as vulnerable; extended appointment service in the evenings and weekends.
- Savings in R&M can be applied to support capital investment enabling more planned and targeted investment in the stock which in turn will contribute to a reduction in responsive expenditure.

5. Consultation and Involvement

- 5.1** Strong Member and resident involvement arrangements will be put in place. This will be required at an early stage as it will need to influence the final specification and detailed proposals. This will need to be developed in accordance with the Council's agreed resident engagement strategy and model. Member and resident input will be vital to issues such as:
- Proposals for a handyperson service
 - Proposed contract arrangements

- What should be marketed / offered to leaseholders
- What the Councils repairs policy should be eg. outside of statutory responsibilities / what repairs should the Council carry out and with what priority.
- What should the Council offer for the elderly or vulnerable
- What should be the Councils void standard / what are the Councils requirements on contractors working in people's homes.
- What standards of behaviour should be set for contractors
- What should be the Councils appointment requirements (evenings / weekends) / texting / phone ahead service / should the Council offer a women only service / what should be the Councils apprenticeship requirements / wider community involvement requirements.
- Consultation with Leaseholders to comply with Landlord and Tenant Act 1985 to ensure recovery of service charges

The potential cost implications of any changes will also need to be taken into account

- 5.2** Members and residents will also be involved in agreeing the Performance Indicators against which contractors will be monitored as well as the penalties / incentives for poor / good performance. Consideration will also be given to how this will involve Members and residents, and how the contractors will be held accountable for their performance. This will also involve looking at the ongoing governance arrangements for the contracts and to ensure these address the requirements of the resident engagement strategy. There will also be involvement in the selection process including interviews / assessment of relevant method statements / site visits / mystery shopping.
- 5.3** Detailed arrangements will be developed to incorporate ongoing consultation and involvement into the overall procurement process. A specific Member working party is also proposed to oversee the procurement process.
- 5.4** An initial survey of residents has been carried out to seek resident's views on their priorities for the delivery of repairs and maintenance services. This included an internet survey, face to face surveys at key events as well as seeking the views of TRAs and other involved groups. The results of this initial consultation are attached as Appendix 3. This shows that consultation to date supports the approach of using a range of firms as well as some direct provision by the Council. The proposals for a handyperson service have been particularly supported.

6. Process

- 6.1** There are a number of areas where further development is required including exact scope of contract packages / detailed evaluation criteria including sub criteria (which will be based on both quality and cost) / pricing arrangements / governance arrangements / contract terms and conditions etc. These requirements will be developed in accordance with the delegation arrangements and timescales set out in this report.

7. Housing Strategy

7.1 This procurement process will be carried out within the context of the Council's developing Housing Strategy. The Housing Strategy recognizes the importance of the repairs and maintenance of the Council's stock and the relationship of this to wider investment planning, as well as the critical role this service plays in resident satisfaction. The repairs and maintenance service is fundamental to the Council's relationship with residents as it is a significant service with significant impact and significant coverage. The Housing Strategy sets the context for the overall management and influence of the housing market, setting out need and demand and how this can be addressed, as well as how housing will contribute to wider council goals and ambitions. The Housing and Neighbourhood Service forms an important strand of this strategy including the procurement of repairs and maintenance which contributes to:

- The housing asset strategy
- The resident engagement strategy
- Support for vulnerable residents
- Affordability and value for money
- A focus on prevention

8. Financial Issues

8.1 The procurement process requires significant time and resources and will need effective project management, legal advice, financial input and HR guidance. There is also likely to be a requirement for external assistance. Therefore, although it is proposed that the procurement process will be carried out by Elevate, additional dedicated resources are likely to be needed. Therefore a project fund of £250,000 has been identified for this exercise over the two year period of this procurement and will be managed within the HRA in the current year, and form part of the budget setting process for 2012/13.

8.2 It is intended that this provision will fund any necessary external legal, HR and pension advice as well as any IT, and expenditure on consultation and contractor appraisal.

8.3 Expenditure on repairs and maintenance represents an area of significant annual revenue spend. The retendering of these arrangements is therefore of high importance to the Council.

8.4 Securing savings in these arrangements will generate income that can then be applied to improving housing services and increasing decent homes investment which will in turn assist in suppressing recurring revenue costs.

8.5 The proposals to introduce an enhanced in-house clienting function is aimed at controlling demand for repairs. This is to be achieved in part by improved diagnostics and also through introducing systems and technology to ensure resident's repairs are addressed without the need for residents to chase a repair. At present approx 50% of calls to the Enterprise call centre are chase ups because of either service failure or residents not having enough information on when a workman is due. Reducing this will not only increase satisfaction but also increase efficiency in the call centre.

- 8.6** A client function that analyses demand and identifies the issues fuelling demand will also enable issues to be tackled effectively, which should also reduce the volume of repairs.
- 8.7** The clienting proposals will mean the Council directly providing this function rather than this being carried out by the contractor, with the Council then clienting the overall arrangement. This function will therefore become a direct cost to the Council in terms of staffing rather than forming a contract cost. It is anticipated that, whilst under the proposed arrangements there will need to be increased management of a range of contractors, there will be savings from this arrangement, as duplication and profit will be removed.
- 8.8** Information from other housing organisations also suggests that a handyperson service achieves savings against the equivalent schedule of rates items as there is no profit involved, but rather simply the cost of labour and materials. This will however require effective management and supervision.
- 8.9** The proposal to provide separate specialist contracts directly cliented by the Council will also reduce the payment of additional management fees. This also increases the market offer by enabling a wide range of contractors to express an interest and tender for this work. There is a well established competitive market for these potential contracts which will enable the Council to secure a robust range of interest and deliver best value from the arrangements. This will therefore maximise the potential to secure additional savings from the proposed arrangements. Strong quality criteria as well as price will form part of the procurement assessment process.

9 Legal Issues

- 9.1** Legal guidance will be sought in areas of housing law, property, contract law, procurement legislation and on specialist TUPE advice. Legal advice will also be sought on the form of contract to be used.
- 9.2** There will be property decisions to be taken in respect of the future of Pondfield House and other sites that may be required for services.
- 9.3** As there are statutory obligations on the Council as a landlord, for example Gas Safety and Landlord and Tenant law, arrangements will be made to ensure that there is a seamless transition of service providers with no interruptions.
- 9.4** There will be a requirement to consult with leaseholders during the procurement process to ensure that monies spent can be recovered as service charges
- 9.5** The Legal Practice will be consulted and be involved at all stages of the procurement.

10. Other Implications

10.1 Risk Management

10.1.1 The ending of the current arrangements with Enterprise in 2013 requires that the council takes action now to ensure the ongoing provision of repair and maintenance services.

10.1.2 If no action is taken then the council will be in breach of its statutory obligations to keep homes in good repair as well as breaching European legislation regarding procuring public services contracts competitively.

10.1.3 There is a range of risks associated with commissioning and procuring repairs and maintenance contracts. These risks will be identified, managed and minimised as part of the project management arrangements for this procurement process.

10.2 Contractual Issues

10.2.1 The current contract was for a period of 10 years only and formal notice of termination has been issued to Enterprise as part of the existing contract requirements.

10.3 Customer Impact

10.3.1 Approval of the recommendations in this report will contribute to delivering the Council's Housing Strategy by improving housing conditions and quality of life through ensuring compliance with the obligations of being a landlord. Tenants and leaseholders will be consulted on the formulation of new standards and methods for the way repair services are delivered

10.3.2 Details of the proposals to engage with tenants and leaseholders are set out in section 5 of this Report. The use of surveys; face to face interviews as well as focus groups are aimed at reaching a wide cross section of residents as it is important that we ensure the views and needs of all equalities groups are taken into account. Feedback will be monitored throughout the consultation process to ensure that the views of all groups are represented. This will be particularly significant in ensuring that issues such as repairs policies in respect of the elderly and disabled are fully addressed, as well as appointment times to deal with the 'school run'.

10.4 Safeguarding Children

10.4.1 Maintenance of homes to required standards will improve housing conditions which can contribute to better educational outcomes for children.

10.5 Health Issues

10.5.1 Maintenance of homes to required standards will improve housing conditions which can contribute to better health outcomes for residents

10.6 Crime and Disorder Issues

10.6.1 Maintenance of homes and common areas to required standards will ensure homes and places are kept safe and help reduce the fear of crime by residents.

10.7 Property / Asset Issues

10.7.1 Providing an effective repairs and maintenance service contributes to maintaining the economic viability of the council's housing stock with more emphasis on a planned approach rather than a reactive basis.

11. Background Papers Used in the Preparation of the Report:

11.1 None

12. List of appendices:

12.1 Appendix 1 - Procurement Programme.
Appendix 2 – Option Appraisal
Appendix 3 – Outcome from initial resident consultation