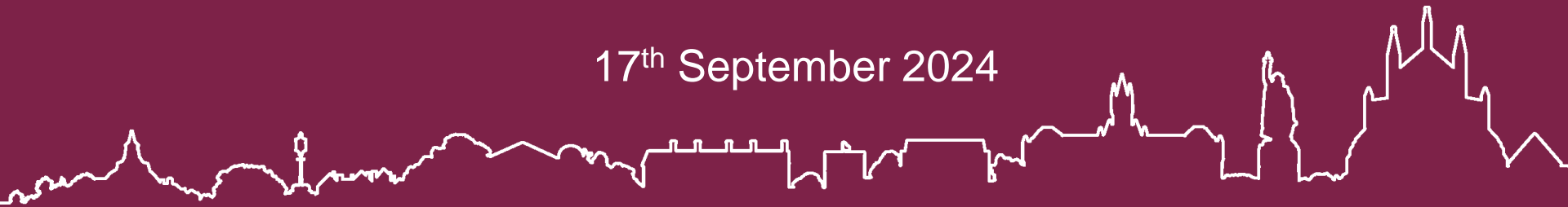


Economy & Housing Policy Committee

Housing, Repairs and Maintenance Contract Procurement

17th September 2024



- * Simon Hendey – Strategic Director
- * Gilly Knight – Corporate Head of Housing
- * Yvonne Anderson – Service Lead, Housing Landlord Services

Introduction

- Housing repairs and Maintenance is largely serviced by 2 term contracts with Cardo (formerly Osborne) and Correct Contract Services (CCS)
- The contract with Cardo was procured in 2011
- The contract with CCS was procured in 2021
- Both contracts expire in July 2026
- The process to undertake a new procurement will take at least 2 years

Research Phase

The aim of the research was to learn from residents, staff, members and contractors what doesn't work well, what does work well and what would good like.

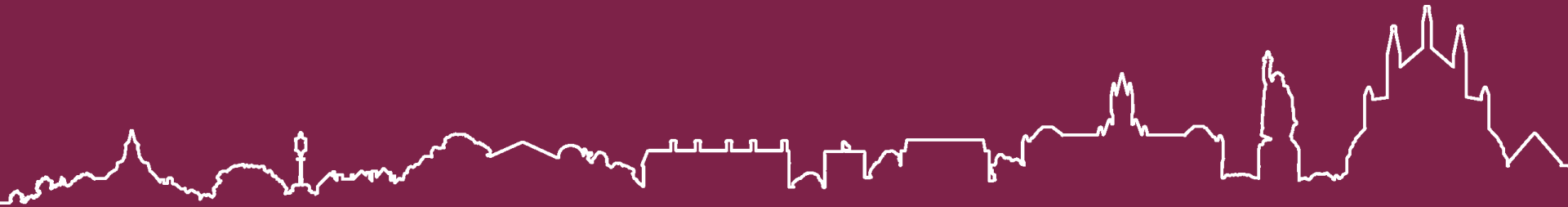
- Every household across the district was invited to complete a survey to state their views on the Repairs Service
- Surveys were conducted by both email and hard copy
- We received 823 responses which reflects a 13% return from residents
- We hosted 8 resident workshops across the district that all residents were invited to attend
- 17 residents attended the workshops out of a total of 135 who expressed an interest in attending. Reminders were sent to residents on the morning of each event.
- The feedback from residents within the surveys and the workshops was excellent

Research Phase (contd)

- A service review was conducted with both Cardo and CCS to listen to their views on what works well , not so well and what good would look like
- We hosted 4 workshops that were well attended by housing staff.
- We hosted a workshop that was attended by members
- A soft market testing exercise was hosted to gauge the level of interest with contractors across the sector , which provided good feedback
- This exercise solicited views via a public advert inviting contractors to respond to a questionnaire and also attend an interactive webinar. The online event attracted 45 attendees across 15 companies.
- We received 14 completed questionnaires from a good cross section of providers
- The exercise allowed the Council to test various procurement options, the proposed pricing model and the route to market with the sector.

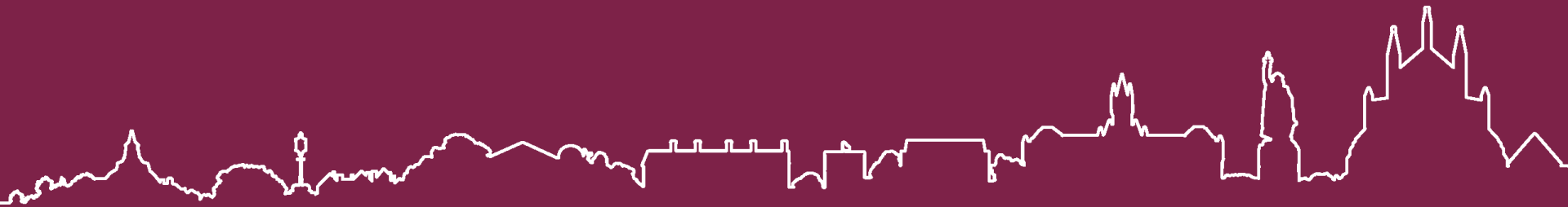
SERVICE SCOPE

- The proposed contract scope of work to include Repairs, Maintenance, Voids, Statutory compliance services, Cyclical maintenance and Planned Works Value circa £16m- £20m pa
- Possibility that circa £40m Retrofit works could be included
- Long term contract –10 years with no breaks with open book reviews at 3, 5 and 7 years
- The Repairs Hub can either continue to be operated by the Council or delegated to the appointed provider would manage scheduling and planning appointments
- It is considered that the appointed provider will co-locate with the Housing teams at City Offices



FORM OF CONTRACTS

- JCT MTC -Widely understood by contractors and clients alike and well suited for traditional repairs contracts but no contractual requirement to collaborate and no formal processes for innovation
- TAC-1 - Drafted specifically for both repairs services and planned works programmes. Establishes an obligation on both parties to collaborate in the best interests of the programme.
- NEC – It is not favoured or particularly specific to this type of work. Not drafted for responsive repairs contracts. Not favoured by contractors



PRICING OPTIONS

There are largely 4 pricing mechanisms for repairs and one for voids

- **Price Per Property (PPP)**- The council would pay a fixed rate for the contractor to carry out any repairs in a property. Some repairs would be excluded and priced using a Schedule of rates (SOR)
 - Straightforward administration
 - Greater cost certainty – simpler to apply budget forecasting
 - Close scrutiny required around exclusions
- **Price Per Repair (PPR)**- The council would pay a fixed rate per repair. Some repairs would be excluded and priced using a Schedule of rates (SOR)
 - Client pays a fixed rate for every repair
 - Straightforward administration
 - The more repairs ordered, the higher the spend
 - Less easy to forecast annual spend
 - Close scrutiny required around exclusions

PRICING OPTIONS (CONTD)

Schedule of Rates (SOR)- The council would pay for every repair as set out in the National Housing Federation SOR v8.1

- Council pays the actual scope of work for each repair
- No requirement to scrutinise exclusions
- Requires survey and measurement pre and post completion to ensure cost accuracy
- Risk of 'rate building' by the contractor
- Less easy to forecast annual spend

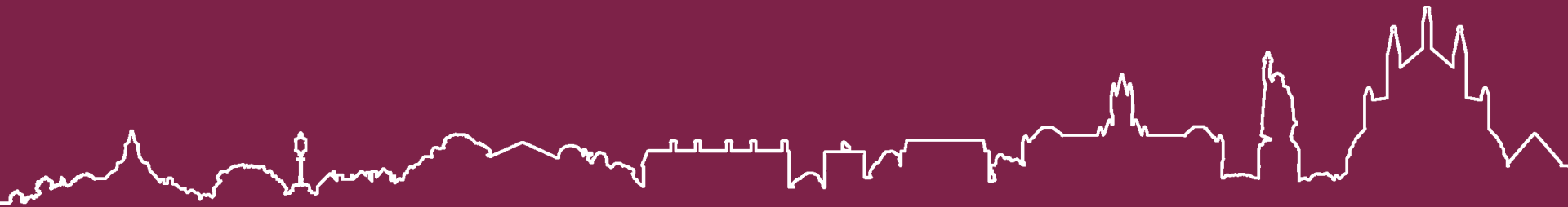
Open Book –The Council pays actual costs plus the contractor's tendered OH&P

- Allows both sides to understand where the costs lie that protects the contractor's margin
- Contractors consider open book as 'cost plus'. They often don't realise they are required to evidence value throughout and not just incur cost and pass it on to the client for payment
- Client required to employ an open book auditor
- Not many contractors properly get how to operate it and struggle to produce accurate cost ledgers

PRICING OPTIONS (CONTD)

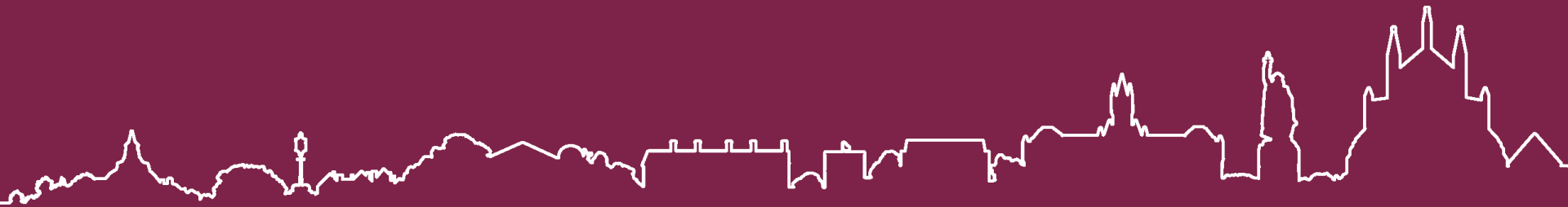
Price per Void (PPV) - The council pays for works to a void as per the basket rates tendered by the provider. Certain planned works would be excluded and priced separately

- Council pays a fixed rate to undertake void works
- No requirement to scrutinise rates
- Widely accepted as the most effective model
- Avoids the need to re-measure on completion other than exclusions
- Straightforward to administer



DELIVERY OPTIONS

- **Lead Contractor** – A single Contractor delivering the service with directly employed management, approx. 80% directly employed operatives and sub-Contractors to undertake specialist and planned works
- **Managing Contractor** – As a Lead Contractor but with no directly employed operatives. All works will be delivered by Sub- Contractors.
- **Multi source** - A range of smaller specialist contractors.
- **DLO** – Direct labour organisation



POTENTIAL PROCUREMENT ROUTE

- This procurement will be conducted under the provisions of the new Procurement Act 2023 (PA23)
- WCC will be one of the first councils to work within the remit of the new act
- The council has commissioned specialist procurement and legal advice/support to ensure strict compliance
- Tender Evaluation -Most Advantageous Tender.
 - 60% Quality - At least 10% should be related to Social Value & Environmental
 - 40% Price– Strong emphasis to determine realistic / sustainable pricing and not a race to the bottom
 - The procurement will be conducted under the Competitive Flexible Dialogue Procedure
- Initial bids will be evaluated and the best 3 providers will be invited to a dialogue process
- Dialogue enables both the council and providers to understand what is required and what can be delivered



TIMESCALES

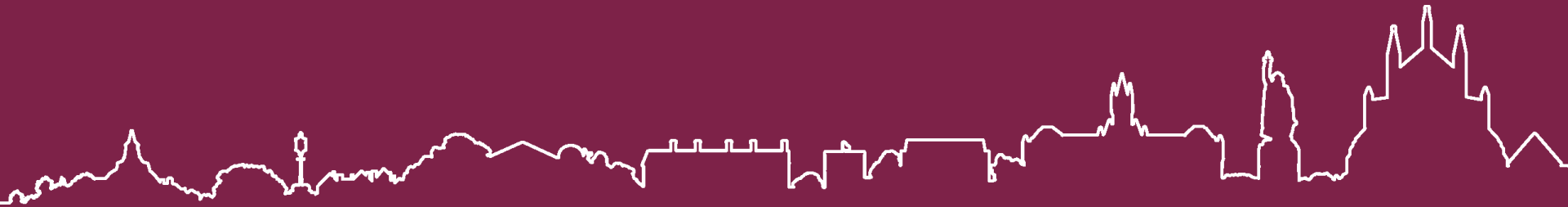
- Research phase– April -July 2024
- Prepare tender documents– July- October 2024
- Finalise procurement strategy –September 2024
- Governance
 - Economy & Housing Policy Committee 17th Sept 24
 - Leaders board 29th October 2024
 - Scrutiny Panel -12th November 2024
 - Full cabinet – 20th November 2024
- Publish Contract Notice – December 2024
- Bid evaluation – March-April 2025
- Competitive Flexible Dialogue May –July 2025
- Providers review and revise their bids – August 2025



TIMESCALES (CONTD)

- Evaluate revised bids- September 2025
- Governance (Dates tbc)
 - Economy & Housing Policy Committee
 - Scrutiny Panel
 - Full cabinet
- Award new contract –December 2026
- Commence mobilisation – January 2026
- New contract/s start in July 2026

The Council is considering serving notice on both the incumbent contractors advising they may bring the expiry date forward to 31st March 2026 to allow the new contract(s) to align with the Council's financial year. There is scope in both contracts to enable this.



KEY DRIVERS FOR THE FUTURE

- Improving the customer experience
- Developing digital options for residents to report, follow up and track repairs
- Delivering a service 'For and With' residents not 'To'
- Collaborative working to facilitate continuous improvement
- Ensuring excellent communication through innovative systems
- Manage demand on the service to ensure sustainability
- Striking the balance of delivering a good service with greater demands on funding
- Ensure that the service delivers value for residents
- Establishing a strategic partnership with the successful bidder/s
- Delivering the key objectives of PA23 which are i)VFM (ii) Maximising public benefit in public procurement iv)social value and v) climate change



RECOMMENDATIONS TO CABINET

- The Council engage a Lead Contractor
- The Council adopts a 60:40 evaluation model of 60% Quality and 40% Price – At least 10% should be related to Social Value & Environmental
- The pricing mechanism for this contract to be Price Per Repair and Price per Void
- The Council enters into a 10- year contract with no breaks and open book reviews at 3, 5 and 7 years
- The scope of the contract to include
 - Repairs
 - Planned works
 - Cyclical works
 - Compliance works
 - Retrofit works to avoid future individual procurements

