

REPORT TITLE: HOUSING PROCUREMENT OF HRA REPAIRS AND  
MAINTENANCE TERM CONTRACT

20 NOVEMBER 2024

REPORT OF CABINET MEMBER: Cllr Chris Westwood, Cabinet Member for Housing

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WARD(S): ALL

PURPOSE

This report seeks consideration of an approach to the procurement of the repair and maintenance of the Council's housing stock that will drive improvements in customers' satisfaction and efficiency of delivery.

It is proposed to include a number of budgets into one contract over a 10 year period so as to reduce procurement costs whilst generating a volume of work that will attract significant interest from the market. The Council will be able to rely upon that procurement process for work over the life of the contract but will not be obliged to use it for all elements It is recommended that the Council seeks a lead contractor who will directly employ staff as well as sub contract some elements. It is expected that contractors will be able to bring digital solutions to the customer experience so that it will be possible to provide a better service to customers. The form of contract recommended between the Council and contractor will encourage and support continuous improvement and partnership working. Nevertheless, the Council's and customers interest are protected in the contract by the ability of the Council to terminate the contract with six months notice in the face of contract failures or twelve months by the Contractor. Reflecting the importance of this service to customers it is recommended that the proposals from contractors are assessed on the basis of 60% quality and 40% cost.

RECOMMENDATIONS:Cabinet is asked to agree

- 1) To procure, award and enter into a contract / contract(s) to undertake retrofit, cyclical, planned, voids and reactive works to Winchester City Council owned housing properties within the parameters set out in this report and to delegate authority to the Strategic Director to conduct the procurement exercise and to finalise and agree the terms of the contract(s).
- 2) To incorporate and design a dialogue phase(s) within the procurement procedure as permitted under the Public Contract Regulations 2015 (PCR 2015).
- 3) To use the Competitive Dialogue Procedure under PCR 2015 to carry out the procurement.
- 4) To ensure best value, adopt a 60:40 (quality:price) evaluation model with a quality bias (60%).
- 5) To commission following the satisfactory completion of the procurement exercise a Term Alliance Contract to be awarded to a single provider for an initial term of up to 10 years with an option to extend for a further 5 years.
- 6) To agree to evaluate tendered prices using the Optimum Price model rather than a lowest price model.
- 7) To approve the use of the Term Alliance Contract TAC-1 (as amended) form of contract for the HRA repairs and maintenance contract.

IMPLICATIONS:1 COUNCIL PLAN OUTCOME

- 1.1 Tackling the Climate Emergency and Creating a Greener District
- 1.2 Greener Homes' is one of the key strategic objectives within the Housing Strategy 2023 to 2028 and will help develop and support a greener district and address the climate emergency. A key driver is to improve thermal performance of existing council homes through planned works and the retrofit carbon reduction programme to aid residents with maintaining warm homes.
- 1.3 Homes for all
- 1.4 Repairs and maintenance has a direct influence on the quality of the Council's housing stock and the wellbeing of residents. Homes are improved and repaired to increase the lifespan of a property's fabric whilst ensuring that residents' homes meet decency standards and comply with the Housing Health and Safety Rating system (HHSRS)
- 1.5 Vibrant Local Economy
- 1.6 The term alliance contractor will seek to enhance Localism and enable inclusivity for smaller contractors. The terms of the contract will ensure that the council monitors the approach to Localism. Additionally, the term alliance contractor will consider the recruitment of people from the community. Aspects of social value will promote the local economy.
- 1.7 Living Well
- 1.8 The term alliance contract(s) supports the priority of Living Well which seeks to maintain and enhance the council's housing stock and support good mental and physical health for all residents. The term alliance contractor will be required to comply with the council's Safeguarding Policy.
- 1.9 Your Services, Your Voice
- 1.10 The planned and completed engagement process prior to procurement allows the council to be open, transparent, inclusive and enabling, providing good value. The emphasis of the term alliance contract is to establish a resident centric ethos and deliver the service 'With and For' residents and not 'To'.
- 1.11 It is the intention for the new contract to implement digital functionality to improve the customer experience of reporting issues, booking appointments and monitoring repairs. Improved communications between residents and the contractor is a critical aspect of digitalisation.
- 1.12 Residents have been engaged throughout the research phase and will be represented during the bid evaluation and dialogue phases. Residents will

continue to be involved as attendees of the monthly core group throughout the entire term of the contract.

- 1.13 Delivering a quality repairs service is essential. Residents often view how well the repairs service is run as representative of the performance of the Council as a whole. The views of residents will therefore be a key driver in designing and setting the new service standards.

## 2 FINANCIAL IMPLICATIONS

- 2.1 The contract(s) will encompass retrofit, cyclical, planned, voids and reactive works to the council's housing stock across the district. It will include works within tenanted dwellings and works to the communal areas of blocks and building curtilage. The potential total value of works over the 10 years of the contract(s) is estimated to be in the region of £200m. However, this could increase to £300m if the contract was extended by 5 years. A 5-year contract extension would require cabinet approval. The procurement strategy isn't about securing the lowest possible price but that the intention is for quality of service at fair price.
- 2.2 The HRA Business plan allows for assumed cost of repairs and maintenance over the life of the proposed contract. This estimate is based on existing schedules of rates, repairs volumes and includes assumed growth in repairs volume and inflation. The business plan estimates will need to be reviewed and updated based on the proposed pricing methodology as part of the 2025/26 business planning process. However, repairs and voids works are reactive by nature; should existing annual budgets prove insufficient or a project is significant to warrant a further paper, this will be brought back to Cabinet for decision making and, if necessary, additional budget provision. Provision will be made in the procurement process to allow maximum efficiency in establishing compliant arrangements without the need to re-engage in officers in further lengthy procurement activity, as is allowed under applicable public procurement law.
- 2.3 The budgets & business plan assumptions will be based on existing SoR contract rates and repairs volumes. WCC will need to model a 'should be' cost based on accurate data to both inform the OPM and to ensure future business plan estimates are accurate. This will assist to mitigate the risk that the new contract will be more expensive than the current arrangements.
- 2.4 During the 10 years that this contract will operate, the HRA business plan agreed in February 2024 has a total revenue and capital budget of £212m to invest in the current stock. This value includes forecasted CPI. There may be a requirement for future budget provision should the 5-year contract extension be invoked. This value is unknown at this time but will be reviewed as part of the annual business plan review.
- 2.5 Leaseholders and Shared Owners must pay towards the cost of any services or work to the building or the estate their home is on. Under Section 20 of the

Landlord and Tenant Act 1985 (amended by section 151 of the Commonhold and Leasehold Reform Act 2002), the council must consult about work and services that Leaseholders and Shared Owners are required to pay for. Failure to do so means that they cannot be required to pay.

- 2.6 The contract /s will extend beyond 12 months hence it is deemed to be a Qualifying Long-Term Agreement (QLTA) and Leaseholders and Shared Owners will be consulted as per the requirements of Section 20.
- 2.7 The Programme will be priced by way of a fixed Price per Repair for Repairs & Maintenance, a Price per Void through a range of basket rates, and a Three Star rate for gas servicing, supported by open book pricing of those exceptional repairs not included in the fixed rates.
- 2.8 Open book pricing for repairs and planned works will be conducted through the National Housing Federation, Schedule of Rates, current version.
- 2.9 Planned capital investment to replace roof coverings, windows and doors, kitchens, bathrooms etc will be priced at tender stage using a series of all-in basket rates. Subsequent pricing activity will be supported by open book supply chain tenders led by the Provider

### 3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The procurement process will involve awarding a Term Alliance Contract or contracts, in line with the council's Contract Procedure Rules and the PCR 2015.
- 3.2 The HRA will recruit a Quantity Surveyor as a permanent post to manage the commercial and contractual activities, ensure that accurate payments are reconciled and invoiced and act as a conduit between the repairs service and WCC finance officers.
- 3.3 Due to the mandated timescale needed to prepare for and re-procure complex regulated tenders, it was deemed not possible to conclude a robust exercise in time before the originally announced implementation date of 28 October 2024 for the Procurement Act 2023. However, the very recent postponement of that implementation date to 24 February 2025 means that this procurement and the management of the resulting contract(s) will be regulated by the PCR 2015 regime.
- 3.4 .Consideration has been given to the procurement procedures available under PCR2015 and the Competitive Dialogue (CD) procedure is the most appropriate for this opportunity. The CD procedure may be used where "the contract cannot be awarded without prior negotiation because of specific circumstances related to the nature, the complexity or the legal and financial make-up or because of risks attaching to them".

- 3.5 This procurement procedure enables the opportunity to hold constructive dialogue with Tenderers around the more complex and developing areas of service delivery, particularly in respect of ICT and digitalisation, and residents' access to the service. Tenderers are then able to refine and improve their proposals before making final submissions. The procurement route is discussed in more detail at item 4.1 in the Procurement Strategy.
- 3.6 The councils Legal and Procurement teams are supporting the procurement and, given the nature and value of this project and the procurement exercise required, the project team will be assisted by leading external expertise in the legal profession and contract procurement.
- 3.7 Prior to commencement of any procurement activity, there will be an assessment of known risks and the likely materialisation of such risks to ensure these are mitigated. . Formal procurement notifications and documentation will be developed to allow maximum flexibility and agility to assist any future needs.
- 3.8 The procurement procedure will not set out to preclude any interested local suppliers and SME's and will give due regard to any unintentional barriers that might be faced.
- 3.9 Under section 1 of the Localism Act 2011, the council has the power to undertake any activity a normal person could undertake, for the benefit of the authority, its area or persons resident or present in its area. The council is satisfied it has the enabling power(s) to procure and award a contract for services following the robust procurement exercise and resulting contract.
- 3.10 The council has an obligation as a best value authority under section 3 of the Local Government Act 1999 to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". The awarding of and entering into term alliance contracts following a robust compliant procurement exercise is in line with this obligation.
- 3.11 The contract will provide for a 'no fault' right of termination able to be exercised by either party at any time. In the event the Council exercises its right to terminate, it will serve notice on the Provider of not less than 6 months. Should the Provider wish to terminate, it will need to give notice to the Council of not less than 12 months in order to allow the Council sufficient time to conduct a fresh procurement or at the very least put sufficient interim measures in place.

#### 4 WORKFORCE IMPLICATIONS

- 4.1 The preparation and letting of the tender for the contract(s) will be undertaken by council officers from the Housing Revenue Account team (HRA), supported by the Legal, Finance and Procurement teams, within existing resources. This will also be supplemented by external advisors procured in line with Contract Procedure Rules. The ongoing contract management and letting of works

within the contract(s) will be the responsibility of the Housing Revenue Account team.

- 4.2 Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE): the Impact on the applicability of TUPE has been and will continue to be considered throughout the process, before and after any tender exercise. Internal and external expertise has already notified that this may be a feature of the process. The tender procedure will be designed to ensure prospective and incumbent contractors are aware of and legally bound to carry out their obligations in relation to TUPE. Any data required to be disclosed during the process will be handled sensitively, appropriately and securely. HRA will be advised on any internal and external TUPE implications affecting contractor and council staff if this is within scope.

## 5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 The housing stock represents the council's most valuable asset and its largest liability in investment terms; therefore, an effective and agile approach to managing the council's assets is critical to ensuring the long-term sustainability of the council housing portfolio.
- 5.2 Repairs and maintenance will be an intrinsic aspect of the HRA, Asset Management Strategy which will define the strategy over the duration of the contract.
- 5.3 This contract provides opportunities for the council to drive changes that will improve the standard of council owned housing and the lives of residents, regenerate communities and tackle climate change. However, the changes may put significant pressures on budgets and resources, so there is a need to ensure that the council's assets are managed effectively.
- 5.4 Effective contract management must take place throughout the life of the contract to ensure that the key aims are met and to deliver the required outcomes and specifications of the contract.
- 5.5 The implementation of a robust but relevant suite of KPI's in association with a keenly drafted Term Brief should enable effective contract management. Establishing a holistic approach with the delivery of repairs, voids and planned works will require careful management but should be more straightforward with a single contractor.
- 5.6 The Housing Regulator has a set of regulatory standards containing specific expectations registered providers of social housing must comply with.
- 5.7 The council has a legal obligation under the Gas Regulations 1998 to annually check the safety of all gas appliances, pipework, and associated items within the stock.

- 5.8 A duty to comply with the Asbestos Management Regulations 2012 and follow best practice relating to domestic properties. Legionella compliance and Electrical Safety checks.
- 5.9 The council must adhere to repairing obligations in Section 11 of the Landlord and Tenant Act 1985 (the Act) as amended by the Homes (Fitness for Habitation) Act 2018.
- 5.10 Section 9A of the 1985 Act requires the council to ensure properties are fit for human habitation. The Act focuses on the Housing Health and Safety Rating System (HHSRS) which sets out 29 housing hazards. The HHSRS assesses the health and safety risks within a property. If a property fails a HHSRS inspection it will not meet the Decent Homes Standard.
- 5.11 The contract will incorporate a suite of KPI's to monitor operational performance. These will include but are not limited to

<b>KPI description</b>	<b>Performance target</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Customer satisfaction		80%	83%	86%	88%	90%
Appointments kept		85%	90%	92%	94%	95%
First time fix		80%	82%	84%	86%	88%
Emergency and urgent repairs as a %age of all repairs		20%	15%	10%	10%	10%
Recalls to completed jobs		6%	5%	4%	3%	2%
Attend to Emergency/Urgent Repairs on Time		95%	97%	98%	99%	99%
Complete routine jobs on time		90%	92%	94%	95%	96%
Average for repairs completion time (Days)		30	27	25	23	20
Landlords Gas Servicing Record (LGSR)		100%	100%	100%	100%	100%
Electrical Installation Condition Report (EICR)		100%	100%	100%	100%	100%
Completion of voids on time (All priorities)		80%	85%	90%	95%	100%

- 5.12 Operational performance measures (OPI's) will be collectively determined and agreed during the contract mobilisation period.
- 5.13 Performance against social value and carbon reduction initiatives will be reviewed and monitored at the quarterly strategic core meeting.

## **6 CONSULTATION AND COMMUNICATION**

- 6.1 In May 2024 a survey relating to the repairs service was sent to all tenants, leaseholders and shared owners for whom Winchester City Council hold an email address to be completed online and a paper copy sent to all those for whom no email address is recorded.
- 6.2 There were 823 responses to the survey, reflecting a 13% return rate which is considered to be a very good response.



- 6.3 Within the survey, information was provided about a series of eight workshops taking place at various venues across the district for residents to come and discuss the repairs service in person.
- 6.4 Respondents to the survey had the opportunity to register their interest in attending the workshops. Everyone who registered their interest received a reminder and invitation to attend. The workshops were also advertised on the tenant involvement Facebook page. All the venues were accessible, and parking was available. Transport was offered free of charge for anyone who wanted to attend.
- 6.5 In response to the workshops, 135 residents expressed an interest to attend and a total of 17 residents attended.
- 6.6 Four workshops were hosted for housing staff to attend at which 41 staff members attended
- 6.7 A workshop was hosted for elected members at which 11 councilors attended.
- 6.8 The emphasis of the workshops was to establish
- What doesn't work well with the repairs service?
  - What works well with the repairs service?
  - What would good look like?
- 6.9 Two workshops were hosted with relevant members of the HRA Property Services team to consider and determine the scope of the contract.
- 6.10 Consultation with three other Local Authorities was conducted to discuss pro's and cons of various methodologies and models relating to Repairs and Maintenance contracts.
- 6.11 The scope of the contract was presented to Housing Economy and Policy Committee on September 17<sup>th</sup> 2024. The minute of that meeting can be found at, [Agenda item - Housing, Repairs and Maintenance Contract Procurement \(Presentation\) - Winchester City Council](#). The presentation is attached as **Appendix 2**. Questions were raised concerning; the assessment of social value proposed by contractors as part of the quality assessment, whether entering into a Term Alliance contract (TAC) would be a specific recommendation to cabinet, what contingency would exist if procurement timescales were not achieved, the advantages of a 10 year contract, the key performance indicators that would be employed, whether price per void provided enough price control, how annual works contracts would operate, how customers would be able to enjoy direct contact with contractors and what oversight there would be, the timeliness and nature of system integration between the Council and contractor IT systems and the split of consultation responses between urban and rural areas.
- 6.12 Consultation and communication will continue to be undertaken as part of the procurement process, in line with council policy and Contract Procedure

Rules. Activity completed to date outside of any formal tender process includes the following (NB: this does not commit the council to any exercise or approach and it is considered best practice to engage with prospective suppliers):

- a) Inviting wide feedback on a range of themes to include contract delivery models, commercial models (remuneration), preferred forms of contract, lessons learned, systems through various activities.
- b) Publication of a Prior Information Notice (PIN) advising the market of a webinar / workshop to discuss themes above and to allow questions. (27/06/24).

[Responsive Repairs, Maintenance and Planned Works Programme 2026 - 2036 - Find a Tender \(find-tender.service.gov.uk\)](https://find-tender.service.gov.uk)

- c) 1:1 discussions with incumbent contractors to establish lessons learned and consider 'what if' (mid June).
- d) Publication of an engagement questionnaire setting out proposals and ideas, inviting would be bidders to select options or propose new options to consider (03/07/24).
- e) Hosting the advertised engagement event to present and discuss the themes mentioned above. (25/07/24)
- f) Additional 1:1 sessions following feedback from the above.
- g) HRA staff engagement sessions
- h) Resident surveys and workshops

6.13 A Prior Information Notice (PIN) was issued as a means of advising the market of a potential tender and can be viewed via this [this link](#) as listed under Background Information. This soft market testing, as encouraged by PCR 2015, generated excellent feedback from potential contractors.

6.14 A pre-advertised information day was held as a webinar on 25 July 2024 and was attended by 46 delegates across 24 separate companies. Registration was open to all and included representation from SMEs and large well-known companies and ranged from CEOs to contract administrators. Feedback from one CEO complimented the council's approach to the proposed evaluation model, social value and the tender portal.

6.15 Presentations were given by the Repairs Project Lead, Procurement Officer Lead and Independent Advisor. Topics included aims of the session, background information, key drivers, procurement approach and preliminary questionnaire for the market. The session also allowed for open dialogue and questions, answers to which were all published on the tender portal to ensure full transparency.

6.16 Following a request at the information day, further Contractor 1:1s were scheduled. A time limited session offer was made to anyone registering within the portal. Nine organisations requested available slots. A set agenda and times were provided and covered areas such as best practice, scope, delivery options, IT systems and tender documentation. Prospective bidders welcomed the proposed approach the council was taking for this procurement and confirmed their interest in bidding.

## 7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 The Term Alliance Contract will require the successful bidder to support the Council's Carbon Neutrality objectives and Nature Emergency. The procurement will be supported by members of the council's sustainability team to assist with development of appropriate tender assessment approach and ongoing reporting mechanisms post contract let.
- 7.2 All bidders will need to complete and 'pass' a UK standard qualification Selection Questionnaire as part of the procurement exercise. The questionnaire is designed to check the business conduct of suppliers including offences of grave professional misconduct and environmental matters. Work area specifications can be included and the council's strategies this area will be embedded in the procurement process.
- 7.3 Consistent with the council's Procurement and Contract Management Strategy, the procurement process will apportion a minimum of 10% to Environmental and Social Value evaluation criteria. We will be seeking for bidders to provide innovative solutions to assist the council in achieving carbon neutrality for the district by 2030.
- 7.4 In addition, the contract specification will require contractors to arrange for the recycling of waste.
- 7.5 The new contract will aim to minimise the use of paper & postage by maximising the use of digital communication channels
- 7.6 A key element of the council's Carbon Neutrality Action Plan (CNAP) includes investment in the council's housing stock to improve energy efficiency and help tenants reduce their carbon emissions while also reducing their energy costs.
- 7.7 Continuous Improvement will be a fundamental aspect of the Term Contract. Carbon Neutrality will be a collective priority.
- 7.8 The successful bidder will be resourced, as required, to fully support the Council's Retrofit Team with the delivery of works, developing technical opportunities and seeking potential funding.

## 8 PUBLIC SECTOR EQUALITY DUTY

- 8.1 This tender process and contract must uphold the principles of equality, transparency and fairness of all suppliers.
- 8.2 The delivery of repairs and maintenance throughout this contract will not result in any foreseeable negative impacts on any individual or group that has protected characteristics under the Equality Act. Reasonable adjustments will be made to programme delivery where appropriate to support the individual needs and circumstances of residents.
- 8.3 The successful bidder will be required to comply with the council's Equality Policy. The council will also include questions in the Selection Questionnaire to determine whether any of the bidders has had any complaints made against them in the last three years, which were upheld following an investigation by the Equality and Human Rights Commission (or equivalent).

## 9 DATA PROTECTION IMPACT ASSESSMENT

It is not anticipated that the award of a new contract, will lead to any significant changes to the purposes and way in which personal data is used or processed. Officers will undertake a review, by way of a Data Protection Impact Assessment, of any additional data protection or privacy risks arising from changes to procedures. This will ensure that personal data continues to be processed in accordance with the data protection principles and legislation.

## 10 RISK MANAGEMENT

- 10.1 A project risk register has been in place since May 2024 and will be reviewed and maintained throughout the project. See appendices

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
Financial Exposure	<ul style="list-style-type: none"> <li>Procurement and contracts risk assessment to assess level of financial risk and tailor procurement process and contract management accordingly.</li> <li>Follow Financial Procedure Rules, Contract Procedure Rules and best practice to minimise exposure</li> <li>Soft market testing to ascertain best repairs model.</li> </ul>	Ensure the principles with the council's <b><u>Contract Management Framework</u></b> are adopted for ongoing management and an appropriate level of resource is in place to ensure robust contract management for the duration of the contract(s)

Risk	Mitigation	Opportunities
	<ul style="list-style-type: none"> <li>• Discuss cost drivers with incumbents and wider market</li> <li>• Benchmark contractual levers in place to control cost</li> <li>• Develop understanding of 'should cost and optimum' models</li> <li>• Ensure robust indexation / cost control embedded in contract with appropriate risk apportionment</li> </ul>	
Exposure to challenge	<ul style="list-style-type: none"> <li>• Procured in line with best practice, Contract Procedure Rules and the PCR 2015.</li> <li>• Early engagement with market, current suppliers, staff and residents.</li> <li>• Commission sector leading legal advisor</li> <li>• Ensure all bidders have equal access to information and that none are disadvantaged or given an unfair advantage</li> <li>• Ensure PCR 2015 requirements for competitive dialogue procedure are complied with</li> <li>• Conduct procurement in a way which ensures compliance with public procurement general principles of equal treatment, transparency, non-discrimination and proportionality</li> </ul>	The process and contract delivery will be robust and enables a sound working relationship between the council, its stakeholders and its contractors, fully supportive of the council's objectives
Innovation Legacy systems and policies?	<ul style="list-style-type: none"> <li>• Review alternative delivery models. Update policies</li> <li>• Develop systems in association with the successful bidder that</li> </ul>	<p>Benchmarking with other local authorities</p> <p>Collaboration with the successful bidder</p>

Risk	Mitigation	Opportunities
	enable residents to self-serve and raise , appoint , track and follow up repairs <ul style="list-style-type: none"> <li>• Develop systems with the successful bidder that enable the council to own, manage and effectively analyse repairs data</li> </ul>	
Reputation	Reputable and suitably qualified contractors employed to undertake the works. Undertake Conflicts of Interest assessment and maintain register throughout.	Enhanced reputation with suppliers through early market engagement.
Achievement of outcome	<ul style="list-style-type: none"> <li>• The timescale of the current term contracts means commencing the procurement now, ensures a timely mobilisation following the tender process and subsequent implementation.</li> <li>• Creating a more effective service for residents that delivers good value</li> <li>• Robust contract management</li> </ul>	
Property	Ensure asset list and data is up to date	
Community Support	Resident engagement forum	Involve interested residents in process
<i>Timescales - there is a need to re-tender the contracts prior to July 2026.</i>	A Prior Information Notice (PIN) submitted in June 2024 to advise market of forthcoming opportunity to talk to the council prior to any formal exercise. Working plan in place. since November 2023. Progress monitored to ensure Officers work to timetable required to meet Summer 2026 deadline.	Early Market Engagement is optional but will become mandatory under PA23 so adopts best practice and increases preparedness for the future. This process also enables the council to speed up the tender return times, if desired / required.
Project capacity – loss of key staff	<ul style="list-style-type: none"> <li>• Implement reporting process, project documentation, ensure</li> </ul>	

Risk	Mitigation	Opportunities
	accessibility / understanding of project by key stakeholders <ul style="list-style-type: none"> <li>• Involve staff throughout the journey</li> <li>• Succession plan for staff who are known to be transferring or leaving the organisation</li> <li>• Dedicated contract management resource</li> </ul>	
Continuity of service in the event of supplier failure or inability to provide the full service scope	<ul style="list-style-type: none"> <li>• Contractual remedies and protocol for altering the scope of contract</li> <li>• Due diligence pre contract and during the contract lifecycle</li> </ul>	

## 11 SUPPORTING INFORMATION:

11.1 The current repairs service carries out approximately 19,000 repairs to circa 5,500 homes and refurbishes around 300 void properties prior to re-letting every year. Alongside the day-to-day repairs service, the Council invests circa £14m per year into the refurbishment and maintenance of the stock by renewing key building components and retrofitting various energy efficiency measures. The existing contract with Osborne Property Services Ltd (now part of the Cardo Group) commenced on 1st August 2011 for a fifteen-year term to 31st July 2026. A separate but concurrent contract is in place for three-star gas servicing and repairs with Correct Contract Services Ltd. Their contract is also due to expire on 31<sup>st</sup> July 2026. The Council is now undertaking activity for a new procurement to be conducted over the next 18 to 24 months to ensure a new contractor ('Provider') can be appointed by the winter of 2025 such that they can mobilise and complete all pre-construction activity over a four-to-five-month period ready for a contract start on 1<sup>st</sup> August 2026.

11.2 To support the redesign of the Repairs Service and the deliverables of a new Term Alliance Contract four policies will be developed and submitted to the cabinet committee housing February meeting for consideration; Damp and mould, repairs and maintenance, recharge policy and disabled adaptations.

### 11.3 **Repairs Service - Key drivers**

#### 11.3.1 Improving the customer experience

The approach to contracting will engender continuous improvement and partnership working between the Council and the winning

contractor. It is expected that contractors will be able to offer digital options for customers to be able to track repairs and self service as part of their offer. Communications between customers and the contractors and the council will be optimized to avoid double handling. The approach will enable the development of repairs services for and with customers rather than a service that delivers to customers.

- 11.3.2. Collaborative working to deliver continuous improvement: The Contract management will operate on the basis of regular operational and strategic meetings that will also include customer and supply chain partner representation. This will review agreed KPI and also opportunities to improve service delivery. The approach will encourage and reward innovation.
- 11.3.3. The approach will aim for ensuring value for money and service delivery for customers. It will offer the opportunity of supply chain advantages whilst not obliging the council to use the contract so that the market can be tested if appropriate. The approach to tendering will reduce procurement activity and cost of the life of the contract where the council decides to use the lead contractor rather than approach the market.
- 11.3.4. Delivering the key objectives of PA23 which are:
  - i) VFM (ii) Maximising public benefit in public procurement iv) social value and v) climate change (note: even though PA23 will not be in force to apply to this procurement and the resulting contract(s), officers consider it appropriate to keep in mind these key objectives)

## 12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 Doing nothing is not an option due to existing contracts expiring in July 2026, the need to achieve value for money and to ensure the council complies with the prevailing public procurement regulations (PCR 2015).
- 12.2 There is an option to develop an in-house contractor (DLO – Direct Labour Organisation) in line with other Local Authorities such as New Forest DC. However, this has been rejected. Establishing a DLO is a significant undertaking. The level of up-front capital investment is considerable with no certainty as to when a break-even point will be reached. Many of the work streams within the repairs service and capital works programme may not be delivered by directly employed staff. This might require the DLO to sub-contract elements of the capital works programme, the gas servicing, electrical and part of the voids work streams which would bring the business plan for operating a DLO into question.
- 12.3 There is also an option to break up the requirements into multiple contracts (lots) for each workstream or trade. Whilst this might offer the maximum opportunity for some specialist suppliers, this approach has been rejected as it would introduce several new issues for the council to address (based on live and documented experience by other Local Authorities) not limited to but to include the following:



- a) Dilution of any cost benefits obtained (leverage)
- b) Difficulty in getting market interest for some lots (unfulfilled works)
- c) An increase in suppliers to manage (impact on officer time)
- d) A more complex and longer procurement (impact on officer time)
- e) A deterioration of interfacing and standardisation
- f) More systems to interface with and programme manage
- g) Harder to manage performance (see [Report to the Executive for Decision - \(Director of Planning and Development\) -20 April 2015 \(fareham.gov.uk\)](#) )

This approach would limit the council's ability to provide a highly flexible and joined up service across all trades.

- 12.4 The full options appraisal developed by the project team and discussed with HRA officers can be found in the appendices.

#### BACKGROUND DOCUMENTS:-

##### Previous Committee Reports:-

**There are no other reports**

##### Other Background Documents:-

- [Prior Information Notice \(web link\)](#)
- Early Market Engagement Questionnaire
- Early Market Engagement presentation (Information Day)

#### APPENDICES:

- Appendix 1: Procurement Strategy
- Appendix 2: Presentation to Housing Economy and Policy Committee
- Appendix 3: Repairs Service Redesign Survey
- Appendix 4: Options appraisal
- Appendix 5: Project risk register