

REPORT TITLE: HOUSING PROCUREMENT OF HRA REPAIRS AND
MAINTENANCE AND COMPLIANCE ACTIVITIES CONTRACTS

21 MAY 2025

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WARD(S) ALL

PURPOSE

There have been a number of contextual changes since the approach to the procurement of the repairs and maintenance contract of the Council's housing stock in November 2024. A review of the approach to achieve efficiency and enhanced customer satisfaction, the local government reorganisation proposals and the regulatory judgement made by the social housing regulator means a revised approach is required as recommended in this report.

This report recommends a revised approach to the market that seeks to offer an attractive combination of work whilst separating out and maintaining enhanced control of compliance work. The Repair and maintenance contract will be offered via schedule of rates rather than cost of repair so as to enhance cost control and efficiency with administration streamlined into the contractor to reduce duplication.

The compliance work will be separated and offered via framework contracts to enhance control. Lastly, it is proposed to reduce the contract duration and build in extensions so that an opportunity exists for the new Unitary Council to consider using or changing contract arrangements in the future.

The new approach will be conducted under the new Procurement Act (PA) 2023 procedures so as to ensure a go live date of August 2026.

RECOMMENDATIONS:

Cabinet is asked to agree

1. A PA2023 2 stage procurement process for a 4+3 year contract is tendered for Repairs & Maintenance (R&M) Voids, Kitchens, Bathrooms and Decarbonisation.
2. The contract (s) for Gas and Electric Test/Inspect & to include repairs and replacement to be procured via compliant and competitive procurement route(s); 4+3 year contract.
3. To procure via frameworks for compliance activities to include the following:
 - a. Asbestos services
 - b. Heating services
 - c. Electrical services
 - d. Fire safety
 - e. Water hygiene
4. That the evaluation models are based on 60% quality and 40% cost to ensure best value for residents and the council.

IMPLICATIONS:

1 COUNCIL PLAN OUTCOME

1.1 Greener Faster

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. It is intended to require contractors to demonstrate how they will reduce their carbon footprint in service delivery.

1.2 Thriving Places

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. The tender process will seek to understand the use of the local market in delivery of services thus aiding the prosperity of the local economy.

1.3 Healthy Communities

Part of the tender evaluation process will assess the social value that contractors will deliver and in so doing enhance and support local communities.

1.4 Good Homes for All

Repairs and maintenance have 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 Efficient and Effective

Due to the complexities detailed in the purpose, we have checked externally with sector specialist to ensure that we procure the best solutions considering all the requirements and timeline. We intend for the contractors to receive the resident repairs requests directly, so the repair's specialist triage ensures the best resource is appointed to the repair. This will assist in first time fix and less impact on repeat visits, supporting improved resident satisfaction. A data download of the day's events will interface with Orchard at the end of each day so that customers can use My Winchester tenancy to track their repair.

There will be a requirement of the appointed contractor to demonstrate an IT system with capability to provide customers and enhanced repairs tracking and delivery system.

1.6 Listening and Learning

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 contractor/s is to establish a resident centric ethos and deliver the service 'With and For' residents and not 'To'. Our recommended approach does not undermine or contradict the outcome of the consultation process that was undertaken to inform the previous decision.

That consultation is still relevant and further engagement with customers will take place. TACT board members have already indicated that they wish to be involved in the procurement and evaluation process so that the voice of customers is clearly represented in the process.

2 FINANCIAL IMPLICATIONS

2.1 The contract(s) will encompass repairs and maintenance, voids, planned kitchens and bathrooms, and circa 50 test and inspect compliance regimes to include gas and electric works to the council's housing stock across the

district. It will include retrofit works within tenanted dwellings and works to the communal areas of blocks and building curtilage.

- 2.2 The business plan agreed in February 2025 includes agreed estimates of reactive repair, void costs and compliance works within the scope of this procurement within the HRA revenue budget, and within the capital programme for planned and reactive kitchen and bathroom replacements and the retrofit programme.
- 2.3 The overall revenue budget in the agreed business plan for revenue works in the scope of the procurement is £56.7m, and capital budget for works in scope is £43.7m over the proposed 3+2+2 period. The business plan allows for assumed inflation and repairs growth, which is included in these estimates.
- 2.4 The previous procurement proposed the use of optimum pricing model for the assessment of tender bids. It is not proposed to change that methodology.

3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 The procurement exercises will be conducted in accordance with relevant legislation and the Council's Contract Procedure Rules.
- 3.2 Given the significance of this service to our customers, it is recommended to assess contractor proposals with a 60% quality and 40% cost weighting, differing from the weightings outlined in paragraph 35 of the Council's Contract Procedure Rules. Additionally, 10% of the quality evaluation will focus on environmental and social value considerations
- 3.3 The procurement strategy for these contracts prioritises quality over the lowest price, aiming for excellent service at a fair cost. This approach sends a clear message to bidders about the Council's priorities in terms of outcomes. Furthermore, it aligns with the new Procurement Act, which emphasises quality and added value, such as social value, through the shift to the Most Advantageous Tender.

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 The existing housing repairs staff will transfer to the new contractor on existing terms and conditions under TUPE. There will be consultation with staff and trade Unions in advance of any transfer to ensure that existing staff are not disadvantaged.

5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 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.

6 CONSULTATION AND COMMUNICATION

- 6.1 Consultation and communication will continue to be undertaken as part of the procurement process, in line with council policy and Contract Procedure Rules. PA2023 ensures significant pre-market engagement which will be complied with in addition to the previous consultation which took place in May 2024. Prior to the November 2024 recommended approach 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 Respondents to the survey had the opportunity to register their interest in attending the workshops. Everyone who registered their interest received a reminder and an 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.
- 6.3 The approach recommended in this report was discussed with the TACT board on the 29th April and two TACT board members expressed an interest in being involved in the procurement and evaluation process. Existing resident engagement strategy methods will be used to engage with the wider customers base as the procurement proceeds.

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 The Term Contractor/s 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. 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. The successful bidder will be required to comply with the council's

Equality Policy. The council will also include questions in the Procurement in line with PA2023 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).

8 PUBLIC SECTOR EQUALITY DUTY

- 8.1 This tender process and contract must uphold the principles of equality, transparency and fairness of all suppliers. The successful bidder will be required to comply with the council's Equality Policy. The council will also include questions within the PA 2023 compliant 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

- 9.1 It is not anticipated that the award of a new contract(s), 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

Risk	Mitigation	Opportunities
Financial Exposure	Follow Financial Procedure Rules, Contract Procedure Rules and best practice to minimise exposure . The proposed approach and use of a schedule of rates will provide greater cost control. The financial exposure is significantly reduced due to the proposed cost model of NHF V8 SOR's. These are sector wide accredited values for the repairs and prelim costs	Ensure the principles with the council's <u>Contract Management Framework</u> 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)
Exposure to challenge	Procured in line with best practice, Contract Procedure Rules and the PA2023.	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	Develop systems in association with the successful bidder that enable the council to own, manage and effectively analyse repairs data	Collaboration with the successful bidder
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	The timescale of the current term contracts means commencing the procurement now, ensures a timely mobilisation following the tender process and subsequent implementation.	Creating a more effective service for residents that delivers good value and robust contract management
Property		
Community Support	Existing residents engagement strategy methods will be used to engage with customers. TACT board members will be closely involved with the procurement process so as to ensure the tenants voice is heard throughout.	Involve interested residents in evaluation process
Project capacity	External sector expertise to support	

11 SUPPORTING INFORMATION: Proposed route to market

- 11.1. A PA2023 2 stage procurement for a 4+3 year contract is tendered for R&M/Voids/ Kitchens, Bathrooms and decarbonisation. Previously it had been agreed to let a contract for 10 years with no break clauses but ability to

terminate the contract with minimum six months' notice. The prospect of local Government reorganisation means that a new unitary council could be formulated from district councils with housing revenue accounts (HRA) in addition the Winchester HRA. In such circumstances there could be the ability to offer a different and larger tender to the market to generate efficiencies and economies of scale. The previous approach would not accommodate that opportunity as such it is recommended to offer the contract on basis of a four plus three year contract extensions. Moreover, the lack of robust data on stock condition and need to strengthen approach to compliance activity has meant that a cost per property approach would not be an appropriate way to procure works and instead work will be offered on schedule of rates and compliance work will be separated out. Gas and Electric Test/Inspect and compliance to include repairs and replacement.

11.2. The use of the National Housing federation schedule of rates version 8 will provide greater cost control and certainty. These are industry standard rates which will be familiar to contractors.

11.3. So as to reduce duplication and provide a better service to customers it is proposed to locate the customer repairs hub with the contractor. In addition, contractors will be required to provide an accessible IT system for customers to track and log repair orders.

11.3. The need to enhance control of compliance test and inspect following the judgement from the Social housing regulator leads to the recommendation to separate out that work from the main R&M contract. We have more than 50 test and inspect regimes which can be bundled under the following headline frameworks

- Asbestos services
- Heating services
- Electrical services
- Fire safety
- Water hygiene

11.4. Evaluation will be undertaken by the panel's individuals in the first instance with a moderation meeting to agree outcomes, this will be based upon the responses to the supplier questionnaire which form part of the tender documents.

11.5. The timetable for the procurement is now:
Document drafting and legal sign off: May to mid-August
Leaseholder consultation stage 1: July to August
Preliminary market engagement Mid July
Contract notice issued: Mid-August
SQ period: Mid-August to November
Pre award Jan 2026
Leaseholder consultation stage 2: Feb 2026
Award & mobilisation: May to August 1st, 2026

- 11.6. It is proposed that tenders will be evaluated on the basis of 60% quality and 40% price with 10% of the quality evaluation being demarcated for social value. The market is pricing work on the basis of the schedule of rates that will be offered rather than significant movement around those rates and as such it is recommended that more weighting is given to quality to ensure the best possible service to customers.

12 OTHER OPTIONS CONSIDERED AND REJECTED

- 12.1 Previous cabinet paper (CAB3463) presented to Cabinet Committee 20 November 2024 approving a Tier 1 approach is no longer a suitable approach due to the following changing factors:
Local Government reorganisation
Regulatory judgement by the social housing regulator and enhanced focus on compliance work and lack of sound data to drive the procurement process.
Time limited to achieve go live of the 1 August 2026 provoking a change in procurement procedures in accordance with the new Procurement Act 2023 (PA23) as opposed to the previous longer competitive dialogue route.

BACKGROUND DOCUMENTS: -

Previous Committee Reports: - [CAB3463](#)

REPORT TITLE: Housing Procurement of HRA Repairs and Maintenance Term Contract: 20 November 2024

[Housing, Repairs & Maintenance contract procurement Presentation to Economy and Policy Committee, 17 September 2024](#)