

**WAVERLEY BOROUGH COUNCIL**

**EXECUTIVE**

**12 MAY 2020**

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**Title:**

**Future Delivery of Housing Responsive Repairs, Void Refurbishment  
and Disabled Adaptation contract**

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**Portfolio Holder:** Cllr Anne-Marie Rosoman, Portfolio Holder for Housing

**Head of Service:** Hugh Wagstaff, Head of Housing Operations

**Key decision:** Yes

**Access:** Public

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**1. Purpose and summary**

- 1.1 As a landlord the Council must adhere to a range of statutory requirements in order to ensure the safety, security and wellbeing of our residents. The Executive was informed at its meeting on 7 January 2020 of the early termination by MPS Housing Ltd of the Responsive Repairs and Voids contract. MPS terminated the contract within its first year, and the contract expired on 10 March 2020. In accordance with the authority given by the Executive at its 7 January meeting, a fixed-term interim contract has been procured to ensure continuity in service delivery.
- 1.2 The interim contract was awarded for a fixed period of 20 months until November 2021, during which time a longer-term solution for the delivery of housing responsive repairs, improvements, void refurbishment and disabled adaptations must be sought.
- 1.3 The purpose of this report is to seek the Executive's agreement to progress procurement.

**2. Recommendation**

It is recommended that Executive:

1. agrees the recommended approach to procuring a conventional JCT schedule of rates contractual arrangement to deliver the Housing Maintenance Responsive Repairs, Improvements, Voids Refurbishment and Disabled Adaptation services;
2. agrees to a concurrent project to explore alternative delivery methods; and
3. delegates authority to the Head of Housing Operations in consultation with the

Portfolio Holder for Housing, Strategic Director and Section 151 Officer to:

- 3.1. appoint consultants to provide advice and undertake such work relevant to achieve the procurement; and
- 3.2. procure and recommend to the Executive contractors to deliver Responsive Repairs, Improvements, Void Refurbishment and Disabled Adaptation works, within agreed budgets, in accordance with the Council's Contract Procurement Rules.

### **3. Reason for the recommendation**

To ensure that the Council is able to meet its statutory landlord obligations in relation to repairs and health and safety.

### **4. Background**

- 4.1 In May 2016 Faithorn, Farrell, Timms LLP Consultants were commissioned to review the Housing Repairs and Maintenance Services prior to a considerable number of key contracts expiring in 2019. The Council commissioned the report to understand and explore a variety of contract delivery options.
- 4.2 In November 2016 the then-Corporate Overview and Scrutiny Committee commissioned a sub-committee to scrutinise the Housing Maintenance Contracts Renewal and review the future delivery of what was then nine housing maintenance contracts which were due to expire in 2019, including Responsive Repairs, Voids Refurbishment and Disabled Adaptations.
- 4.3 Both the Options Appraisal and the Members scrutiny report concluded that the delivery of Responsive Repairs and Voids Refurbishment works should be through a JCT Measured Term Contract with amendments, based on a composite schedule of rates pricing model. The recommendations further highlighted that the Aids and Adaptations contract which also terminated in 2019, should be subsumed into other contracts, namely Responsive Repairs and Voids Refurbishments Contract and the Kitchen and Bathroom Replacement Contract. These recommendations were approved by the Executive in April 2017.
- 4.4 It is recommended that the new procurement follows the same approach as previously, whilst incorporating the lessons learned from the recent contractual experiences with MPS Housing Ltd, as follows:
  1. An OJEU procurement is undertaken.
  2. A JCT measured term contract with amendments is utilised to incorporate Responsive Repairs, Void Refurbishments and Disabled Adaptations works
  3. That the National Housing Federation Schedule of Rates version 7 is used as the pricing model
  4. The contract is awarded for 5 years with the ability to extend for a further period of up to 5 years, dependent on performance, quality and value for money.

## Delivery Options

4.5 The method of contract delivery was considered extensively in the 2016 Options Appraisal for the nine contract areas which were due to be procured during 2019. Whilst some of the delivery options are now less relevant due to the reduced procurement scope, at the time options included:

- Single and/or Multiple Integrated Contract
- Fixed Price Solution
- Average Job Value
- Open Book Cost Arrangement
- Framework Contract
- Joint Procurement with another organisation
- Insourcing via Direct Labour Organisation (DLO)
- Joint Venture
- Wholly Owned Subsidiary with a private sector partner

4.6 Given the limited timescale for the 2021 procurement there is no opportunity to complete a comprehensive options appraisal. However, the team has reviewed the 2017 appraisal, considered the delivery options and has noted that there are no significant changes in circumstances since the original report was completed.

4.7 Lessons have been learned from the procurement, mobilisation and delivery of the short-lived MPS contract which will be reflected in the contract specification and assessment process, including:

- **Handy Person Service**

Within the parameters of the future Responsive Repairs, Improvements, Void Refurbishment and Disabled Adaptations it has been agreed that a Handy Person Service should be explored further to determine feasibility. The idea has proven popular with both the Tenants Panel and front line officers.

The Handy Person Service could be delivered directly by the Council and would require clear processes and specifications set out. This would enable the Council to test the concept for direct delivery without large scale investment. Alternatively, a Handy Person Service could be built into the client specification and requirements to be included in an externally procured contract.

- **Shared Service Delivery**

The option to share service delivery with another local authority or housing association is being explored further by officers to understand the opportunities. Two options are being considered:

- A Joint Procurement exercise where the economies of scale would be more appealing to external contractors
- Procuring an existing Direct Labour Organisation (DLO) to provide services to the Council

## Service Delivery

4.7 The timeline to procure a new delivery model for Responsive Repairs, Improvements, Voids Refurbishment and Disabled Adaptations is relatively short, with less than 18 months until November 2021.

- 4.8 Officers wish to run concurrently the exercise to explore opportunities with another local authority or housing association, whilst also running an OJEU procurement. This will allow for options to be considered whilst ensuring that the ability to deliver statutory services is not adversely impacted.

## **5. Relationship to the Corporate Strategy and Service Plan**

- 5.1 This project's relationship with the Corporate Strategy includes:
- A financially sound Waverley, with infrastructure and services fit for the future
  - Housing to buy and rent, for those at all income levels
- 5.2 This project's relationship with the Housing Operations Service plan includes:
- The service is financially robust with at least £2m reserve
  - The service meets the needs of all tenants and their families
  - The customer experience will be improved by meeting and exceeding satisfaction targets annually

## **6. Implications of decision**

### **6.1 Resource (Finance, procurement, staffing, IT)**

**Finance** - there will be a financial implication in regards to additional costs for consultants to support two projects running concurrently. £50k has been budgeted for procurement and a further £150k for additional staff resource support was added to the HRA 20/21 Budget. In addition, the HRA 20/21 Budget includes £200K contingency ring fenced for potential spend. The HRA budget was approved by Council on 18 February 2020.

**Procurement** – there will be a requirement for support from the Procurement Officer to manage an OJEU procurement process and ensure compliance with the Public Contract Regulations.

**Staffing** – with the strands of work running concurrently, there will be a need for secondment of officers to focus on the procurement project(s) and therefore requirement to backfill posts to ensure business as usual service delivery is not impacted

**IT** – during the procurement phase there is likely to be minimal impact on IT, however following the contract award to which ever option, there will be extensive IT support required to build interfaces and ensure the new service delivery is fit for purpose.

### **6.2 Risk management**

A full risk register will be reviewed as part of the on-going project management and governance of the project(s).

### **6.3 Legal**

The Council's Legal Services team has already been fully involved with the processes linked to the termination of the MPS contract and the award development of the interim contract with Ian Williams Ltd. As the project(s) outlined in this report progress, legal advice will be sought from the Legal Services team in respect of the procurement process for the longer-term contract.

That advice will also include internal and specialist external advice if and where required in relation to any joint arrangements that may be entered into.

#### **6.4 Climate emergency declaration**

The environmental and sustainability requirements will be built into the client requirements of the contract awarded with a requirement for whoever will deliver the service to ensure services are focused on carbon neutrality wherever feasible.

#### **7. Consultation and engagement**

- 7.1 Officers presented to Housing Overview and Scrutiny Committee on 16 March 2020 and the recommendations were discussed and endorsed. The Committee has added the procurement project to its work programme to monitor progress.

#### **8. Other options considered**

- 8.1 All options being considered have been listed in section 5.

#### **9. Governance journey**

- 9.1 The report was presented to Housing Overview and Scrutiny Committee on 16 March 2020. The Committee has added the procurement project to its work programme to monitor progress.
- 9.2 A project governance board made up of key officers from Finance and Legal services plus the Portfolio Holder for Housing, Strategic Directors and Head of Housing Operations will provide strategic oversight and direction.

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#### **Background Papers**

There are no background papers, as defined by Section 100D(5) of the Local Government Act 1972).

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