

TITLE	Housing Responsive Repairs & Maintenance Contract
FOR CONSIDERATION BY	The Executive on Thursday, 22 February 2024
WARD	(All Wards);
LEAD OFFICER	Director, Place and Growth - Giorgio Framaliccio
LEAD MEMBER	Leader of the Council and Executive Member for Housing - Stephen Conway

PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)

As the contract value meets the relevant financial threshold (>£500k) that requires Executive approval, the purpose of this report is to seek Executive approval of the procurement strategy to procure a new housing responsive repairs and maintenance services contract to include all domestic properties that are owned and managed by the Council and the Council's Local Housing Companies (LHC's).

RECOMMENDATION

That Executive approves the recommendation to conduct a competitive procurement exercise to enable the Council to procure a service contract for Housing Responsive Repairs and Maintenance the objective of which is to provide the best outcomes for the delivery of the service requirements and achieve best value for money for the Council and LHC's.

EXECUTIVE SUMMARY

The Housing service is looking to put in place a long-term agreement with a contractor for the delivery of responsive repairs and maintenance services for the housing stock owned by the Council and its housing companies, and leaseholder properties, for a duration of up to five (5) years with the option of extending the contract for an additional period of three (3) years, and one final period of two (2) years for a maximum contract duration of ten (10) years. Due to the total ascertainable value (TAV) of an agreement over this period, the procurement strategy to carry out a procurement exercise must be approved by the Executive.

The Council has an existing partnering agreement with Reading Borough Council (RBC) for the delivery of the services for maintenance and repairs needed on the Council's housing stock. The agreement with RBC is due to expire on 31st March 2025 with no option to extend the agreement. The annual spend from the repairs and maintenance budget to RBC is in the region of £1.3m p.a. and this has been consistent throughout the duration of the partnering agreement since 2010.

Although the relationship with RBC for the delivery of the services could potentially be extended under a new partnering agreement under an exemption, such as the Teckal exemption (codified into the Public Contracts Regulations 2015 (Regulation 12), Public contracts between entities within the public sector), the commercial elements of the current agreement with RBC have not been tested in the marketplace for several years. Following extensive engagement with stakeholders, there is a consensus that a

procurement exercise should be undertaken to ensure the Council secures rates that are commensurate with the current market. In addition, it can also explore opportunities to drive service efficiencies and exploit the use of new IT developments to improve the customer experience, back-office processes, and data management.

The partnering agreement with RBC has been largely successful, and satisfaction rates with tenants are consistently good. Feedback from tenants indicates they would support retaining the arrangements with RBC, so the Council must be aware and take into consideration the views of tenants and continue to consult with them and keep them updated during the period of a procurement exercise.

The current skilled labour market is very constricted with a transient, skilled labour workforce. This impacts on employee recruitment and retention rates for the sector within the South East putting emphasis and pressure on labour costs. In addition the costs of parts and materials continue to be volatile with some potential signs of further cost inflation.

If the outcome of a tender exercise indicates that any cost elements to deliver the services may increase, the Council would need to ascertain if any service efficiencies and IT benefits that can potentially be delivered following a tender would offset any increased costs.

If the request to procure a new agreement is approved by the Executive procurement of a new agreement will commence early in 2024 to go live from April 2025.

BACKGROUND

The Council has been in a partnering agreement for these services with RBC since 2010. The current agreement with RBC expires at the end of March 2025.

Previously, the Council's service provider was Connaught PLC, who went into administration during 2010, when the current partnering arrangement with RBC first evolved. Reading stepped in to provide the Council and LHC's with housing responsive repairs and maintenance service requirements following the collapse of Connaught plc.

No procurement process to test the commercial competitiveness of the existing service arrangements with RBC has been conducted during the period since. While there is no legal impediment to prevent continuation of the relationship with RBC beyond the end date of the current partnering agreement under an appropriate exemption, there is a consensus that the market should be tested to ensure the Council and LHC's are receiving value for money for the services that it receives, and to explore opportunities for identifying potential service efficiencies, new technologies and delivering improvements for the customer experience.

The Housing Services asset team appointed an independent industry expert to complete a 'health check' and a value for money assessment of the current service, and the resulting report indicated the Council receives a good service, and that customer satisfaction with RBC is consistently positive, but there are some areas of the services that can still be improved, and compared to sample market data analysis, the average cost of some common like-for-like repairs is higher than the market average.

RBC service performance is consistently good. A high-level illustration of service levels recorded against some key performance measures for the current financial year is shown below.

- The average monthly 'Tenant Services Satisfaction Score' is 91.24%, against a target of 95%.
- The average monthly percentage score for 'Emergency repair jobs done in agreed time-frame' is 99.77%, against a target of 97%.
- The 'Average days to complete an emergency and urgent repairs job' is 01.13 days, against a target of 02.00 days.

The Council has an aspiration to improve the customer experience of its tenants to enable them to take a more 'self-service approach,' when raising repairs, booking, and changing appointments, and seeing real time information about the status and progress of their repairs. It is also a requirement to use repairs and maintenance services data more intelligently. This will enable the management of repairs to be more pro-active, through the facilitation of automated internal asset data systems updates and identification of trends and user information. This will inform the decision-making process on capital investment for planned works, e.g., increasing the thermal efficiency of its housing assets, kitchen, and bathroom refurbishments, etc.

The current process for the management of repairs is manually intensive and there are inefficiencies with the use of IT systems and data management, so a key requisite of a procurement exercise would be to test the capability of contractor's data and Information and Communications Technology (ICT) infrastructure, and their knowledge and experience of being able to deliver system enhancements and service improvement.

BUSINESS CASE

As a registered social landlord, the Council is legally obligated to repair and maintain its housing stock and ensure that the homes we provide are safe and meet required standards. To help achieve this, the Council must appoint a capable and competent contractor to fulfil the service requirements for responsive repairs and maintenance as needed on the Council's housing properties.

The Council has considered the option of bringing these services 'in-house' as a future delivery model. Based on the analysis, the in-house option was dismissed. With the scale of the Council's housing asset estate, that is smaller than many others at circa 2,500 units, the level of investment needed to employ, train, and retain sufficient numbers of skilled labour to provide the 24x7x365 service would be prohibitive. Examples of the additional costs include salaries and oncosts including local government pension commitments, the cost of plant, equipment, materials and facilities, initial set-up costs and on-going running costs of the services.

The Council intends to procure the new service contract using a two-stage competitive tender process. The first stage will eliminate contractors that do not meet the project team's initial selection criteria, with the second stage only including short-listed contractors most likely to be able to fulfil all the Council's requirements.

The tender process will meet WBC's own internal governance for procurements, and it will also comply with current public sector procurement rules. The two-stage approach is being recommended to identify the most suitable provider and deliver the best possible outcome for the Council to fulfil the full scope of its service requirements and achieve best value for money in a difficult and unpredictable economic climate.

The existing service arrangements the Council has with RBC expire on 31st March 2025, so the tender process will need to be concluded in timescales to ensure the new contract is in place in advance of the expiration of these service arrangements.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces unprecedented financial pressures as a result of; the longer term impact of the COVID-19 crisis, Brexit, the war in Ukraine and the general economic climate of rising prices and the increasing cost of debt. It is therefore imperative that Council resources are optimised and are focused on the vulnerable and on its highest priorities.

	How much will it Cost	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
25-26 Financial Year (Year 1)	£1.3m approximately.	Yes.	Revenue and Capital
Next Financial Year (Year 2)	£1.3m approximately, plus increase for inflation.	Yes.	Revenue and Capital

Following Financial Year (Year 3)	£1.3m approximately, plus increase for inflation.	Yes.	Revenue and Capital
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Other Financial Information
The repairs and maintenance budget sits with the Housing Revenue Account (HRA). The annual spend from the repairs and maintenance budget to RBC is currently in the region of £1.3m p.a., with the funding split being approximately 85% revenue and 15% capital. The budget is subject to annual review and inflationary increases in line with the conditions of the contract provider. The costs presented are inclusive of repairs and maintenance work undertaken for all LHC properties, the cost of these services is then recharged.

Legal Implications arising from the Recommendation(s)
Progression of the recommendation should continue in compliance, where appropriate, with The Procurement and Contract Rules and Financial Regulations as well as being in conjunction with relevant an up-to-date legislation. Key risks including those identified by this report must be addressed accordingly.

Stakeholder Considerations and Consultation
Key stakeholders include the Service Director - Place & Growth, and Assistant Director - Economy & Housing, finance colleagues, CLT, SPB, Tenant Liaison Improvement Panel (TLIP), Repairs and Maintenance Group (RMG), and a representative from the LHC. Initial consultations with key stakeholders have been completed and they will be provided with further updates at various points in the procurement timetable. During the process to identify a suitable service provider, key stakeholders will be kept advised about the tender process, to achieve the best outcomes for the delivery of the services for tenants and offering value for money for the Council in the current market conditions. As soon as it is practicable to do so, key stakeholders will be informed about any potential increased cost implications identified from a tender exercise.

Public Sector Equality Duty
A stage one Equality Impact Assessment (EQIA) has been produced and has been approved by the Council's Inclusion Team. The Council complies with the government's agenda to achieve efficiencies through the adoption of good practice in their procurement processes, including compliance with the Equality Act 2010 where it applies.

Climate Emergency – <i>This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030</i>
The contract with any provider will include obligations to assist the Council with achieving its sustainability and climate objectives and target of being a carbon neutral Borough by 2030

Reasons for considering the report in Closed Session
Not applicable.

List of Background Papers
Stage one Equality Impact Assessment (EQIA)

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