

TITLE	Void Property Works Contract
FOR CONSIDERATION BY	The Executive on Thursday, 31 March 2022
WARD	None specific
LEAD OFFICER	Director, Place and Growth - Steve Moore
LEAD MEMBER	Executive Member for Finance and Housing - John Kaiser

PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)

The purpose of this report is to seek approval of the procurement business case (a copy will be attached to final report) for a new contract to provide the range of repair and refurbishment works required to ensure domestic void properties meet the Council's re-let standard prior to occupation by new tenants or licensees.

RECOMMENDATION

That the Executive approves the business case to enable the Housing Service to procure a suitably qualified, experienced, and competent contractor for the delivery of void property works as required for the Council's housing stock.

EXECUTIVE SUMMARY

The Council is required, as part of our statutory duties to maintain our housing stock to ensure domestic void properties are let in a condition that is safe and clean. Before they can be re-let, all domestic properties must also meet the Council's current re-let standard. To achieve this standard, the service needs to appoint a suitably qualified multi-skilled contractor to complete all repairs and refurbishment works that may be required. As the total ascertainable value of this works contract exceeds £5,336,937 (VAT inclusive), the procurement business case requires the approval of the Executive. A new contract is expected to be awarded and mobilised during August 2022.

BACKGROUND

As a registered provider of social housing and a local authority, Wokingham Borough Council is required to meet the standards set by the Social Housing Regulator and legislation, plus regulations relating to local authorities. Part of the housing asset management process is to have an adequate procedure in place to ensure void properties are properly and promptly brought up to the required re-let standard as soon as possible. Void property works will be an on-going requirement for as long as the Council has housing stock. Typically, there are between 200-250 Council dwellings that are vacated annually and to ensure each property is brought up to the necessary re-let standards, a ring-fenced process is required due to the extent of both revenue and capital works that can be involved, although any areas of specialism, e.g., licenced asbestos removal, will still be referred to our specialist contractor.

The maximum end date of the current contract for void property works expires mid-August 2022, so Housing services must procure a new contract to ensure there is no detrimental impact on the voids process and that there is a clearly defined exit strategy and handover from the incumbent contractor and an agreed plan for the transition, implementation, and mobilisation of the new contract with the incoming contractor.

BUSINESS CASE

Housing services need to appoint a multi-skilled contractor that is suitably qualified, experienced, and competent to successfully complete the range of repairs and refurbishment works as may be required to return void domestic properties to safe and clean conditions, fit for reoccupation by incoming tenants or licensees. The scope of works may include, but is not limited to - gas servicing and testing, heat calculations, deep cleaning, kitchen and bathroom refurbishments, minor repairs (to include non-licensed asbestos removal), re-decorations, garden works, etc. Wherever possible, when a property is void, Housing services also use the opportunity to complete property upgrade works to help meet the Council's green agenda and sustainability objectives. This may take the form of improving insulation, replacing windows and doors, and upgrading or replacing the existing heating system. Timescales for the turnaround to complete all the works that maybe required to bring a property up to a lettable standard are very demanding, and as long as a property is void and unoccupied there is no rental income being generated for the Housing Revenue Account (HRA). Current demand for social housing is outstripping availability so it is incumbent on the Housing services team to ensure our void properties are re-let as quickly as possible.

The Housing service intends to procure the new contract via a competitive tender process in order to identify a suitable contractor and to achieve best value for money. The tender process will meet WBC's own internal governance for procurements, and it will also comply with current public sector procurement rules. The existing contract expires in August 2022 so the tender process will need to be concluded in timescales to ensure the new contract is awarded for the transition, implementation, and mobilisation of the new contract in advance of the expiration of the current contract.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.

Year	How much will it Cost	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Next Financial Year (Contract Year 1)	Finance Year 2022/23 - Contract start August 2022 circa £1.25m (Incl VAT)	Yes, there is sufficient funding	Housing Revenue Account - Revenue and Capital expenditure
Following Financial Year (Contract Year 1/2)	Finance Year 2023/24 - Circa £2m (Incl VAT)	Yes, there is sufficient funding	Housing Revenue Account - Revenue and Capital expenditure
Following Financial Year (Contract Year 2/3)	Finance Year 2024/25 Circa £2m (Incl VAT)	Yes, there is sufficient funding	Housing Revenue Account - Revenue and Capital expenditure
Following Financial Year (Contract Year 3/4)	Finance Year 2025/26 Circa £2m (Incl VAT)	Yes, there is sufficient funding	Housing Revenue Account - Revenue and Capital expenditure
Following Financial Year (Contract Year 4/5)	Finance Year 2026/27 Circa £2m (Incl VAT)	Yes, there is sufficient funding	Housing Revenue Account – Revenue and Capital expenditure
Following Financial Year (Contract Year 5/6)	Finance Year 2027/28 Circa £2m (Incl VAT)	Yes, there is sufficient funding	Housing Revenue Account - Revenue and Capital expenditure
Following Financial Year (Contract Year 6)	Finance Year 2028/29 - Contract end August 2028 circa £750k (Incl VAT)	Yes, there is sufficient funding	Housing Revenue Account - Revenue and Capital expenditure

Other Financial Information

The Contract will assist the Council in delivering its statutory responsibilities as a landlord; breach of these responsibilities can lead to unlimited fines and considerable reputational damage to the Council which could affect its good standing generally.

The Council needs to achieve best value for money and protect the investment in its housing stock. If the Council does not maintain its housing assets adequately, the rental income received may potentially diminish.

Stakeholder Considerations and Consultation
A quarterly procurement report is submitted to the Tenant and Landlord Improvement Panel (TLIP) providing a summary of the main contracts covering our housing stock, including the void property works contract. In addition, the requirement also forms part of a monthly report to the involved tenant's Repairs and Maintenance Group (RMG).

Public Sector Equality Duty
WBC 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.

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>
Housing Services are committed to identifying and working with contractors that share the Council's vision and values. During the lifecycle of the contract, the contractor will be expected to work collaboratively with us to deliver continuous improvements that will assist with realising the Council's objective of achieving a Carbon Neutral Wokingham Borough by 2030.

List of Background Papers
Procurement business case – Void Property Works

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