

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 05 February 2024

Portfolio:	Housing
Subject:	Fareham Housing Responsive Repairs Framework Contract Extension
Report of:	Director of Housing
Corporate Priorities:	Provides Housing Choices

Purpose:

To seek Executive approval for an extension of up to 12-months to the existing Responsive Repairs Framework Contract with the respective suppliers.

Executive summary:

The Responsive Repairs Framework provides a framework of contractors who were awarded contracts to undertake repairs or specialist works, in Council homes, which cannot be undertaken by the Council's in-house Building Services Direct Service Organisation (DSO). It forms part of the delivery of the repair service for Fareham Housing.

The original contracts were entered into on 20 January 2020 and they will expire on 19 January 2024.

During 2023 there have been many changes to the social housing landscape. This includes the Social Housing (Regulation) Act 2023 (sometimes referred to as Awaab's Law) and increasing focus by the Regulator of Social Housing relating to matters of repair. This has coincided with a significant increase in the cost of repairs (materials/labour) in recent years.

Key contracts for the Housing Property service will expire in 2024. One is the Fareham Housing Voids Property Repairs and Refurbishment Works (new contract due to be awarded in October 2024), along with the series of contracts awarded under the Responsive Repairs Framework (subject of this report). It is considered appropriate to take the opportunity to recognise the synergies between the works undertaken across both contracts, and opportunities to improve the efficiency and effectiveness of the service.

An extension of the existing Responsive Repairs Contracts will allow for a continuation of service delivery, ahead of many of the repair works being incorporated into the, soon to be advertised, Void and Property Improvement works contract (anticipated to be in place for Oct/Nov 2024). This amalgamation of some

of the contract elements will assist in contract management, monitoring quality, service delivery and timeliness of repairs, and improved clarity on costs.

In November 2023 an internal review commenced to look at the existing framework contract performance. The review is aimed at ensuring an appropriate standard of repair works takes place alongside good quality customer service, whilst also improving efficiency and identifying opportunities to reduce the financial impacts of the repair process.

Recommendation/Recommended Option:

It is recommended that authority be delegated to the Director of Housing, following consultation with the Executive Member of Housing, to enter into an extension of the existing Responsive Repairs Contracts with the respective suppliers, for a period of up to 12 months.

Reason:

To ensure repair works to occupied Council homes continue whilst a new tender pack and procurement exercise is concurrently prepared which will incorporate many of the responsive repairs works with the voids and property improvement contract.

Cost of proposals:

Further detail around the cost implications is provided in Confidential Appendix A. The 2023/24 and 2024/25 costs of providing repair works are reflected in the HRA budget proposals for detailed in the Housing Revenue Account 2024-25 report to the Executive on 5 February 2024.

Appendices:

A: **Confidential Appendix A, Fareham Housing Responsive Repairs Framework – Extension of Contract

**It is not in the public interest to publish this information within the Confidential Appendix A, as revealing values paid and future financial strategies could harm the Council's ability to achieve best value and could undermine, and jeopardise, this, and any, future negotiations by revealing budgets and costs and could result in a weak negotiating position for the Council.

Background papers: None

Reference papers: Executive Report 16 December 2019 (Responsive Repairs for Fareham Borough Council-owned Properties)

Executive Report 03 July 2023 (Fareham Housing Void Property Works and Improvement Contract)

Executive Report 05 February 2024 (Housing Revenue Account 2024-25)

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	05 February 2024
Subject:	Fareham Housing Responsive Repairs Framework - Extension of Contract
Briefing by:	Director of Housing
Portfolio:	Housing

INTRODUCTION

1. An information evening was held at Ferneham Hall on 04 March 2019 to engage with local businesses who may be interested in working for Fareham Borough Council, in support of our Direct Services Organisation (DSO). The aim of the event was to engage and encourage local Small and Medium Enterprises (SME's) businesses to meet with Council Officers face to face, to find out what the benefits are for working with Fareham Borough Council and to find out more about the procurement process.
2. The works were for responsive repairs to Council owned housing assets, when additional resource is required over and above the Council's DSO capacity to deliver, or to provide more specialist support.
3. Following the procurement process, the Council established compliant contractual arrangements with selected contractors across twenty-one separate 'lots' (i.e. types of works):
 1. Asbestos
 2. Carpentry
 3. CCTV
 4. Civil engineering
 5. Door Entry Systems
 6. Drainage
 7. Electrical
 8. Fencing
 9. Flooring
 10. Foundations
 11. Groundworks
 12. Gutter Clearance
 13. Insulation
 14. Locksmith
 15. Painting & Decorating
 16. Plastering
 17. Plumbing
 18. Roofing
 19. Scaffolding
 20. Stairlifts
 21. Window & Doors
4. This provides the overall 'framework' to call off for works, and contract arrangements are on four-year terms, which commenced on 20 January 2020. Approximately 40 different contractors have formed part of the framework.
5. The contracts are based on a non-exclusive arrangement and the quantity and value of orders that they receive is not guaranteed. The framework agreement allowed up to six suppliers for each 'lot' and orders to be allocated on a rolling basis. The contracts are

monitored by The Property Manager (Housing) pursuant to the KPI provision in the agreements.

BACKGROUND

6. Responsive repair work has, and will continue, to be delivered mostly by the in-house DSO team (made up of 14 staff, covering a variety of trades). The existing framework provides a flexible 'call-off' arrangement when needed, so it is not possible to quantify the exact level of work to be allocated, however estimated values are provided in the Confidential Appendix A.
7. The contracts have agreed labour rates, profit, and overhead uplifts. The labour rate is subject to an annual Consumer Price Indexation (CPI).
8. The responsive repair framework contractors currently provide repair and improvement works on behalf of the Council. This is by a contract arrangement that began in January 2020 following agreement by the Council's Executive on 19 December 2019. The contract arrangement was for a period of four years.
9. With, at times, around 40 contractors making up the overall Framework, this can lead to contract management issues and make it difficult to monitor work and the timeliness of work being completed. This potentially creates issues of customer satisfaction, and the Council's performance against repair targets. The rotation/rolling of works awarded within the 'lots' means that we may not always be achieving best value.

RECENT AND EMERGING CHANGES

10. Within the last year the wider landscape on social housing has and is changing.
11. The Social Housing (Regulation) Act received Royal Assent, becoming law on the 20 July 2023. This has increased expectations and standards for social landlords relating to the conditions of homes, with elements of this Act often referred to as Awaab's Law. This does not just relate to issues around damp and mould, but also other standards and hazards, and interrelates to timeliness of repairs.
12. Recent years have also seen a significant rise in costs for materials and labour, and the implications of this to the Housing Revenue Account (HRA) in 2023/24 has been compounded by rental receipts not tracking inflation.
13. Officer analysis of our repair process and timescales has recognised an opportunity to improve repair periods in line with new timescales introduced for categories of repair, but that this must be done in a manner that still maintains the current good standard, and customer satisfaction.
14. Moving forward it is vital that officers can efficiently and successfully ensure repairs are undertaken to an appropriate standard, and in a timely way. The cost implications and achieving best value (whilst retaining quality) is also essential.

THE NEXT CONTRACT

15. Key contracts for the Housing Property service will expire in 2024. One is the Fareham Housing Voids Property Repairs and Refurbishment Works (new contract due to be awarded in October 2024), along with the series of contracts awarded under the Responsive Repairs Framework (subject of this report). Responsive repair works to Council homes which are categorised as 'urgent', 'essential' and 'routine' will continue

to largely be delivered by the in-house DSO.

16. The intention (following expiry of the Responsive Repair Contract extensions proposed) is that additional work, and much of the specialised repair work, will be delivered through a new single contract alongside void and property improvement works, rather than a replacement of the Responsive Repair Framework.
17. There may continue to be other more specialist work, or smaller frameworks, to address certain works. More significant areas of spend (e.g. planned maintenance works under the capital programme) will continue to be delivered through other contracts, often procured and specific to the project (such as the energy efficient property improvement works at Fort Fareham).
18. Work is already underway on the procurement process for a new contract; A combined contract covering voids, responsive repairs and refurbishments is anticipated to commence on 31 October 2024.
19. The benefits of this approach will:
 - Reduce the number of contractors which the Council directly manages.
 - Moving from Cost Reimbursable (cost plus) to Schedule of Rates based work.
 - Invoicing process.
 - Performance criteria (timescales for the categorised repairs/timeliness of repairs).
 - Customer satisfaction (easier to contractually ensure and address any issues with a single contractor)
20. This list is not exhaustive, and further factors will be included in the operational management for the next contract.
21. The extension of up to 12 months sought as part of this report, will allow the continuation of the current approach until such a time that much of the works will be covered through the revised contract approach, currently anticipated to apply from October 2024.
22. A further report is expected to be provided to the Executive relating to the award of the next contract later this year.

CURRENT EXTENSIONS AND CONTRACTOR IMPLICATIONS

23. Discussions have already taken place with the Council's Finance team, Procurement Manager, and Legal services in relation to the extension of the existing Responsive Repairs Contracts. The mechanism for the extension will be agreed in conjunction with them and in consultation with the respective contractors.
24. A 12-month extension to the existing contract arrangements is expected to fall within the parameters of regulation 72(1)(f) of the 2015 Public Contracts Regulations (Modification of contracts during their term) as the amounts payable to the contractor will be less than 15% or the original contract sum and the works threshold of £5,336,937.
25. In order to maintain transparency, the 2015 Public Contracts Regulations require the Council to publish a notice of the 12-month extensions.
26. As referred to in paragraph 5, the existing Framework is non-exclusive and there is no guarantee for certain amounts of jobs or value of work. For the Contractors, the Council

are one of many clients. For some the revised approach proposed for the next contract may more notably impact their work than others, but sufficient warning will be provided relating to the proposed intentions going forward to minimise any detrimental impacts.

FINANCIAL IMPLICATIONS

27. The Housing Revenue Account budgets already account for the cost of repair work. The financial implications of the proposals contained in this report are reflected in the HRA budget proposals for 2024/25 detailed in the Housing Revenue Account 2024-25 report to the Executive on 5 February 2024. However, the flow of repair work will be reflective of need/demand, and therefore the costs of different approaches to deliver this (whether it be framework or predominately single contract) are, at this stage, not expected to be significantly different.
28. The framework contracts provide a flexible 'call-off' arrangement when needed, so it is not possible to quantify the exact level of work to be allocated. Estimated values are provided in the Confidential Appendix A.
29. The labour rate of the current Framework is subject to an annual consumer price indexation (CPI) from 1 February 2024 using indices set at the time of award, anticipated to be approximately plus 3.5% (BCIS All-in Maintenance Cost Indices - General).

OTHER CONSIDERATIONS

30. It will be noted that the existing Framework will have ended prior to an extension being formally approved or entered into. Communication has occurred with the contractors via the Council's Procurement team, and work is able to continue without any impact to service delivery.

ENVIRONMENTAL CONSIDERATIONS/CARBON IMPACT ASSESSMENT

31. No new detrimental impacts to the environment or carbon impact are anticipated as part of the proposed extensions. The delivery of the works under the extended arrangements will not have any new environmental considerations or carbon reduction measures built in, as it will roll forward the current arrangement.
32. Opportunities to tackle climate change and other environmental considerations will be considered as part of the next contract.

CONCLUSION

33. The extension of up to 12 months to the existing contracts will allow Fareham Housing to maintain the repair service for Council homes and customers. This will enable sufficient time for much of the repair elements not delivered in-house to be incorporated into the next contract relating to void and property improvement works. This is needed to enable more effective and efficient contract management and interlinked with increasing need to ensure the appropriate timeliness of repairs and customer satisfaction with the overall service.

Enquiries: For further information on this report please contact Shaun Barnett on (01329) 824825