

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 15 July 2024

Portfolio:	Housing
Subject:	Void Property Repairs, Responsive Repairs, and Refurbishment Works to Council Housing
Report of:	Director of Housing
Corporate Priorities:	Provide Housing Choices

Purpose:

To advise the Executive of the procurement process to provide a 5 + 2-year term contract for the improvement and maintenance of the Council owned housing stock.

To seek delegated authority to appoint a single contractor for the contract term, following a thorough procurement/tendered process.

Executive summary:

The Council own and manage over 2,400 affordable homes and have over 450 residential leaseholders. The repairs, maintenance and improvement work to Fareham Housing assets is currently achieved through a combination of directly employed operatives and several contract arrangements.

The attached report provides Members with an overview of the new contract arrangement proposed to be used from November 2024, which will consolidate various aspects of work currently covered through multiple contracts.

Further details surrounding the funding arrangements, including the total estimated cost to deliver the contract, are provided in Confidential Appendix A.

This report seeks Executive agreement for delegated authority that will allow a time efficient appointment of an appropriate contractor to be made, enabling services to be operational and mobilised for November 2024 (when the current void and improvement contract ceases).

Recommendation:

It is recommended that the Executive agrees:

- (a) the funding mechanisms, as outlined in confidential Appendix A to this report, to enable the continued investment in the repairs, maintenance, and improvement of the Council owned housing stock; and
- (b) that the award of contract for void property repairs, responsive repairs, and refurbishment works to Council homes be delegated to the Chief Executive Officer, following consultation with the Executive Member for Housing.

Reason:

To ensure the funding arrangements and process to appoint a contractor are established, enabling the new contract and contract mobilisation process to be in place at the expiry of the existing contract arrangement with Mountjoy Ltd.

Cost of proposals:

The total estimated cost to deliver the term contract over 5 years is outlined in the accompanying confidential Appendix A to this report.

Appendices:

A: *Confidential Appendix

*It is not in the public interest to publish the information within Confidential Appendix A as it contains financial information and qualitative narrative to that financial information which, if published, might undermine the tender process underway for the contract subject of this report. The information is therefore considered commercially sensitive.

Background papers: None

Reference papers: Executive 03 July 2023 – Fareham Housing Void Property and Improvements Contract [contract extension]

Executive 05 February 2024 - Housing Revenue Account Budget and Capital Plans 2024/25.

Executive 05 February 2024 - Fareham Housing Responsive Repairs Framework Contract Extension

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BOROUGH COUNCIL

Executive Briefing Paper

Date:	15 July 2024
Subject:	Voids Property Repairs, Responsive Repairs and Refurbishment works to Council housing
Briefing by:	Director of Housing
Portfolio:	Housing

INTRODUCTION

1. Fareham Borough Council own and manage over 2,400 affordable homes and have over 450 residential leaseholders. The repairs, maintenance and improvement works to Fareham Housing assets is currently achieved through a combination of directly employed operatives and several contract arrangements.
2. On average 220 Council properties become empty each year, these are referred to as voids. The reasons for properties becoming void are due to terminations of tenancy, death of tenants, and repossessions. As a landlord, the Council has a legal responsibility to maintain the properties to a lettable standard prior to re-occupation.
3. Fareham Housing also provides kitchen and bathroom modernisations to its stock. The demand comes either direct from tenants who feel that an upgrade is due or via the Responsive Repairs operatives who determine that components are beyond economical repair. Cyclical updates to kitchens and bathrooms can also be identified as part of meeting Decent Home Standards.
4. Fareham Housing provide disabled adaptations to its stock. The demand comes either direct from tenants (for very minor works) or via recommendations from Hampshire County Council's Occupational Therapy.
5. Although the day-to-day repair of Council homes is principally undertaken by the in-house team of repair operatives, there are occasions where specialist services are required (such as asbestos removal) or where other contractors help address peaks in repair work or to cover the absence of specialist in-house staff (such as plastering).

BACKGROUND

6. The delivery of housing maintenance is currently undertaken through several ways depending on the nature of work. Various contracts are in place to deliver this.

In-house Directly Employed Operatives

7. Urgent and some routine category responsive repair work is delivered by the in-house Direct Service Organisation (DSO) team (made up of 14 staff, covering a variety of trades).

Responsive Repair Framework Contracts

8. Existing Responsive Repair framework contracts provide a flexible 'call-off' arrangement when needed for all categories of repairs, supporting the DSO Team and providing some specialist services. The original contracts were entered into on 20 January 2020, subsequently extended for 12 months, and will expire on 19 January 2025.
9. The responsive repair framework contractors currently provide repair and improvement works on behalf of the Council. In November 2023 an internal review commenced to look at the existing framework contract performance. The review was aimed at ensuring an appropriate standard of repair work takes place alongside good quality customer service, whilst also improving efficiency and identifying opportunities to reduce the financial cost of the repair process.
10. 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 can lead to customer dissatisfaction, and a detrimental impact on the Council's performance against repair targets. The rotation/rolling of works awarded within the 'lots' (i.e. types of trades) means that the Council may not always be achieving best value.

Void Property Works and Component Improvement Package Works Contract

11. Earlier this year the existing Void Property Works and Component Improvement Package Works Contract was extended by 'Deed of Variation' to extend the contract for 6 months. This was to allow preparation of new contract tender documents to be procured. This current arrangement and contract is with Mountjoy Ltd, and will expire on 01 November 2024.

RECENT AND EMERGING CHANGES

12. Within the last year the wider landscape on social housing has and is changing.
13. 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 embedded in new Consumer Standards for social housing landlords and emerging repair targets 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.
14. 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. The HRA required borrowing to balance the account for the first time which further supports the need to rethink how we can provide best value within budgets, whilst still meeting our statutory duties and performance requirements as a social housing landlord.
15. Officer analysis of the current contracts on voids and repairs would suggest there is an opportunity to improve the timescales for repairs, and how contractors and

the Council keep customers informed on repairs. These are key parts of recent national expectations of social landlords.

THE NEXT CONTRACT

16. The contract (subject of this report) is intended to consolidate elements currently addressed through multiple contracts, with the resulting contract in place and mobilised for November 2024. The works on this contract include:
 - All aspects of void repairs and improvements.
 - Component improvement package works and disabled adaptations to occupied properties, which include kitchens, bathroom, wet-rooms, over the bath showers, ramps, etc.
 - Routine responsive repairs (those not conducted by the in-house repairs team).
 - Electrical inspections of dwellings on a 5-year periodic schedule, and the associated repairs.
17. Due to the forthcoming expiry of the current Void and Improvement Contract with Mountjoy Ltd., and the expiry of the Responsive Repair Framework contract (multiple contractors) in early 2025, a single new contract is now intended that will be for an initial period of five years with the option to extend the contract by a further two years subject to satisfactory performance.
18. This approach, through a single contractor in addition to the Council's in-house repair team, will allow for improved monitoring of performance, improved performance against repair timeframe targets, and easier budgetary oversight by Officers. Responsive repair works to Council homes which are categorised as 'urgent', 'essential' and 'routine' will continue to predominately be delivered by the in-house DSO team.
19. The intention 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 all the Responsive Repair Framework Contracts.
20. There may continue to be other more specialist work, or smaller frameworks, to address certain works. Some other planned maintenance works under the capital programme will also continue to be delivered through other contracts, often procured and specific to individual projects (such as the energy efficient property improvement works at Fort Fareham).
21. The new combined contract covering voids, responsive repairs and refurbishments is anticipated to commence on 01 November 2024. 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 (simplified with fewer contractors).
 - Performance criteria (timescales for the categorised repairs/timeliness of repairs an important contract requirement, and can be better monitored and addressed through a single contractor).
 - Customer satisfaction (easier to contractually ensure and address any issues with a single contractor)
 - Data sharing agreements, FOIs and similar, easier to address with a single

contractor.

22. The above list is not exhaustive, and further factors are included in the operational management of this new contract approach.

TENDER PROCESS

23. With the level of expenditure involved, a thorough procurement exercise has been established and followed. Regular discussions have taken place with Legal Services, and Officers from the Council's Procurement and Finance teams.
24. A 'contract notice' was issued via the South-East Business Portal (SEBP) on 02 February 2024 in accordance with Publication of Supplement to the Official Journal of the European Union (OJEU) and available on the Tenders Electronic Daily website (TED).
25. A Restricted OJEU procurement process was used that included a two-stage process; Stage 1 is the pre-qualification section whereby eligible candidates are invited to tender in Stage 2. Those candidates who fail the Stage 1 are rejected from the process. 20 expressions of interest were received and assessed for suitability. A select list of seven contractors were chosen to be invited to tender.
26. A security report was conducted by the Council's Investigations Officer on the select list and no concerns were raised. Procurement Officers also commission financial reports on the select list and no concerns were raised.
27. Tenders were issued on 31 May 2024 and are due for return on 15 July 2024, after which a detailed evaluation process of the tenders will be undertaken which will be based on a cost to quality ration of 70:30. The latter stages of the evaluation process will include visits to the organisation's premises before final moderation takes place. Procurement, legal and finance Officers have all been involved in establishing the tender evaluation process which has been provided in detail as part of the tender pack.

FINANCIAL IMPLICATIONS

28. The works as part of the new contract arrangement will be funded annually through the Housing Revenue Account. Budgets are approved by the Executive prior to the expenditure as part of the annual Housing Revenue Account Budget and Capital Plans report. Tender cost estimates are detailed in Appendices A to this report along with measures to deliver the improvements in line with available financial resources.

CONCLUSION

29. This contract represents substantial and positive investment in the Council's existing housing stock. It will deliver works to housing assets to target timescales driven by contractual key performance indicators. This has the potential to improve customer satisfaction and performance against repair targets. The new contract will also allow for better contract management and monitoring, and improved expenditure control.
30. Delegated powers to award the contract will allow for continuation of the thorough procurement process underway and allow for sufficient time for contracts to be signed and mobilised. This will ensure the new contract arrangement can be in place on the expiry of the existing contract, minimising the potential for disruption to customers and service users.

ENVIRONMENTAL CONSIDERATIONS/CARBON IMPACT ASSESSMENT

31. No new detrimental impacts to the environment are anticipated as part of the proposed term contract. The delivery of the works under these arrangements will not have any new environmental considerations or carbon reduction measures built in. Part of the tender assessment does however include service quality questions which relate to the contractor's requirement to have suitable policies to cover matters such as the procurement of sustainable resources, their proposals around reduction to carbon footprint, and minimising environmental damage.
32. Opportunities to tackle environmental considerations or to further reduce carbon footprint will be considered for specific projects. This will take into account any external funding that may be available and the Housing Revenue Accounts budget capacity.

Enquiries:

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