

## **CABINET**

**10 JANUARY 2023**

### **GATEWAY 1 PROCUREMENT COMMENCEMENT: RETENDER RESPONSIVE REPAIRS AND CAPITAL WORKS CONTRACT (HRA HOUSING SERVICES)**

Portfolio Holder: Councillor Howard Doe, Portfolio Holder for Housing and Community Services

Report from: Richard Hicks, Director of Place and Deputy Chief Executive

Author: Adam Spokes – Senior Development and Property Services Manager

#### **Summary**

This report seeks permission to commence the procurement of the Responsive Repairs and Capital works contract (which is intended to include gas servicing, void property repairs, compliance, external decorating) & call handling for repairs management.

This Gateway 1 report has previously been considered by the Procurement Board and is recommended to the Cabinet for approval.

#### **Procurement Overview**

Total Contract Value (estimated): £111.36m

Regulated Requirement: Yes

Proposed Contract Term: 144 Months inclusive of Extensions.

## 1. Budget and Policy Framework

1.1. The works and services detailed in this report will be funded by the Housing Revenue Account (HRA).

## 2. Background Information and Procurement Deliverables

2.1. The HRA has a responsibility as a local authority landlord to ensure that the properties that the council own are maintained, safe and compliant.

2.2. The HRA previously took a GW1 report to the Procurement Board in November 2012 seeking permission to procure the services of a responsive repair and planned works contractor on a 5 + 5-year contract.

2.3. The activity was approved, and this Contract was subsequently awarded to Mears Group LTD and started working in partnership with Medway Council in September 2014.

2.4. This contract was extended for 5 years in 2019 within the existing contract terms and is due to cease on 31 August 2024.

2.5. The HRA has various other compliance related contracts and Service Level Agreements (SLA) which are also due to expire August 2024.

2.6. The HRA is proposing to run a holistic tendering activity to reprocure these services for a 12-year term (subject to contract and performance).

2.7. This contract will provide a fully encompassing repairs and maintenance service to the Council's housing stock.

2.8. As of 29 November 2022, the Council owns 2998 properties and has 222 leasehold properties. The works and services detailed in this report are only provided to tenants and leaseholders residing in the Council's own housing stock.

2.9. This report sets out the HRA's proposal for the new contract and how the procurement activity will be operated.

2.10. The current contract includes:

- Repairs to all Council owned dwellings and communal areas.
- Out of Hours service
- Annual gas servicing of appliances owned within the Council's stock.
- Void works to empty dwellings
- Capital works such as renewal of kitchens and bathrooms.
- A small proportion of compliance work streams

2.11. Customer satisfaction within this area is key. A good repairs service will often reflect good levels of satisfaction with the rest of the HRA. A poorly operating contractor can therefore have detrimental effects on customer satisfaction. This contract is key to maintaining good

satisfaction with the HRA service overall and much work has been undertaken in recent years to improve the image of the service.

- 2.12. The repairs service has made significant improvements in performance in recent years and some aspects are in top quartile when benchmarked against others. Gas servicing is consistently at 100% and performance for emergency, urgent and routine repairs are regularly in the high 90 percent. The service has also improved its data capturing, procurement processes, as well as putting measures in place to ensure statutory compliance is maintained.
- 2.13. Much work has been done to improve the repairs service by undertaking a significant amount of ICT work such as implementation of a contractor interface to ensure that Medway Council systems link seamlessly with the repairs contractor systems.
- 2.14. The service has also utilised Mears when it comes to quality control on new builds. As HRA development projects near completion, Mears are visiting with officers to ensure the new units are handed over to the required standard.
- 2.15. This procurement is a 'works procurement' activity. Although there are service elements to the contract, the main object of the contract (both in terms of value and the purpose of contract) is to procure works, so in EU procurement terms the contract would be classified as a public works contract.
- 2.16. This report seeks permission to commence a new procurement activity which is looking to procure multiple contracts over various term lengths. The service is looking to procure up to 10 different contracts. Contract 10 (in the table below) is still to be determined as to whether it will be tendered as the existing contract is a bolt on to the corporate lift management contract with Medway Norse.

| CON NUM | CONTRACT                                   | PROPOSED TERM  |
|---------|--|--|
| 1       | REPAIRS, OOH, VOIDS, PLANNED WORKS, ENERGY | Initial 6 year + option for 3 year extension + option for an additional 3 year extension (12 year)     |
| 2       | GAS SERVICES                               | Initial 6 year + option for 3 year extension + option for an additional 3 year extension (12 year)     |
| 3       | ELECTRICAL SERVICES                        | Initial 6 year + option for 3 year extension + option for an additional 3 year extension (12 year)     |
| 4       | FRA SURVEYING                              | Initial 4 year + option for 4 year extension + option for an additional 4 year extension (12 year)     |
| 5       | FRA REMEDIAL WORKS                         | Initial 4 year + option for 4 year extension + option for an additional 4 year extension (12 year)     |
| 6       | FRA SERVICING                              | Initial 4 year + option for 4 year extension + option for an additional 4 year extension (12 year)     |
| 7       | ASBESTOS SURVEYING                         | Initial 4 year + option for 4 year extension + option for an additional 4 year extension (12 year)     |
| 8       | ASBESTOS REMEDIAL WORK                     | Initial 4 year + option for 4 year extension + option for an additional 4 year extension (12 year)     |
| 9       | WATER MANAGEMENT                           | Initial 4 year + option for 4 year extension + option for an additional 4 year extension (12 year)     |
| 10      | LIFT MANAGEMENT - TBC                      | Initial 4 year + option for 4 year extension + option for an additional 4 year extension (12 year) TBC |

- 2.17. The contracts are proposed to commence on 1 September 2024 and depending on the extension agreements, could conclude on 31 August 2036. The idea is to procure specialist, competent and appropriately accredited contractors to deliver services within their expertise over a sustained period. Splitting the contracts out should also drive interest from 'specialist contractors' which should create a more competitive tendering activity.
- 2.18. The total value of this procurement is broken down below. **Please note that costs are estimated at this stage and are based on historic repairs data. Costs are subject to inflationary uplifts and changes to market pricing.**

*Est cost table*

| CONTRACT | WORKSTREAM                                 | EST VALUE PER ANNUM AND TERM     |
|----------|--|----------------------------------|
| 1        | REPAIRS, OOH, VOIDS, PLANNED WORKS, ENERGY | PA – £7m<br>FULL TERM - £84m     |
| 2        | GAS SERVICES                               | PA – £850k<br>FULL TERM - £10.2m |
| 3        | ELECTRICAL SERVICES                        | PA – £655k<br>FULL TERM – £7.86m |
| 4        | FRA SURVEYING                              | PA – £200K<br>FULL TERM - £2.4m  |
| 5        | FRA REMEDIAL WORKS                         | PA – £350K<br>FULL TERM - £4.2m  |
| 6        | FRA SERVICING                              | PA – £40K<br>FULL TERM - £480K   |
| 7        | ASBESTOS SURVEYING                         | PA – £60K<br>FULL TERM - £720K   |
| 8        | ASBESTOS REMEDIAL WORK                     | PA – £75K<br>FULL TERM - £900K   |
| 9        | WATER MANAGEMENT                           | PA – £30K<br>FULL TERM - £360K   |
| 10       | LIFT MANAGEMENT - TBC                      | PA – £20k<br>FULL TERM - £240k   |
|          | <b>EST TOTAL</b>                           | <b>£111.36m</b>                  |

- 2.19. The three main contracts (1-3) will be open for all to tender. Contractors tendering for contract 1 will also be able to tender for contracts 2 and 3, however their returns will need to relate specifically to the contract they are tendering for.
- 2.20. Should a contractor win contract 1 and either 2 and/or 3, then the service will enter negotiation with the contractor regarding any efficiencies and savings post award.
- 2.21. Contracts 4-9/10 will be staggered to reduce resource pressure.
- 2.3. Parent Company Guarantee/Performance Bond Required
- 2.3.1. A Parent Company Guarantee or Performance Bond will be sought for each contract where applicable.

### 3. Procurement Dependencies and Obligations

#### 3.1. Project Dependency

- 3.1.1. This project is standalone, with no linkage to any other procurement projects or procurement programmes, or a procurement project that is dependent upon and/or connected to other procurement projects/programmes.

#### 3.2. Statutory/Legal Obligations

- 3.2.1. This procurement requirement links into Other Strategic Council Obligations through providing safe, secure, and well-maintained housing accommodation through meeting its statutory obligations in terms of:

##### **External**

- The Health and Safety Act 1974
- Landlord and Tenant Act (1985)
- Homes Act 2019
- Defective Premises Act, S.4 (1972)
- The Regulatory Framework for Social Housing in England from April 2015
- Control of Substances Hazardous to Health (COSHH) Regulations 2002
- Management of Health & Safety Regulations 1999
- Technical Guidance HSG 274 -Legionnaires Disease
- Lifting Operations and Lifting Equipment Regulations 1998
- Institute of Engineering and Technology BS 7671 Wiring Regulations 18th Edition
- The Regulatory Reform (Fire Safety) Order 2005
- Pressure Safety Systems Regulations 2000
- Gas Safety (Installation and Use) Regulations 1998
- Home Energy Conservation Act 2019
- Control of Asbestos Regulations 2012
- Smoke and Carbon Monoxide Alarm (England) Regulations 2015
- Social Housing (White Paper) 2020
- Building Safety Act 2022

##### **Internal**

- HRA Business Plan and Asset Management Strategy
- Tenancy Management Policy
- Management of Fire Risks in Communal Areas Policy
- Water Management Plan and Policy
- Fire Safety Policy
- Gas Safety & Servicing Policy
- Management of Electrical Equipment Policy (draft)
- Housing Services' Quality Policy
- Landlord Services Energy Efficiency Strategy
- Housing Services Health & Safety Policy Statement

- Asbestos Management Plan Policy
- HRA Electrical Management Policy
- Secure Tenancy Agreement
- QMS – TAHM – P8 Gas Servicing (Accessing Properties)
- HRA Statutory Maintenance and Compliance Policy
- HRA Damp and Mould Policy
- Void Policy
- Responsive Repairs Policy

## 4. Business Case

### 4.1. Procurement Project Outputs / Outcomes

4.1.1. As part of the successful delivery of this procurement requirement, the following procurement project outputs / outcomes within the table below have been identified as key and will be monitored as part of the procurement project delivery process.

| <b>Outputs / Outcomes</b>             | <b>How will success be measured?</b>   | <b>Who will measure success of outputs/ outcomes</b>   | <b>When will success be measured?</b>  |
|---------------------------------------|--|--|--|
| Gas safety compliancy                 | PCM the administrator (on behalf of the Council) and weekly/monthly KPI monitoring         | Snr Development and Property Services Manager, Contracts Manager and Compliance Projects Manager | Monthly  |
| Customer Satisfaction                 | Customer feedback/satisfaction cards and surveys/Repairs                                   | Snr Development and Property Services Manager, Contracts Manager and Resident Liaison Officer    | Monthly via Performance Management Framework (PMF) and contractor monitoring meetings. Bimonthly at resident forums. |
| Repair Completion Performance         | Performance Matters Framework  | Snr Development and Property Services Manager, and Contracts Manager                             | Monthly via PMF and contractor monitoring meetings. Bimonthly at resident forums.                                    |
| Value for Money                       | Benchmarking via formalised and informal sharing of data with other housing organisations. | Performance Management Hubs  | Quarterly reports to Snr Development and Property Services Manager   |
| Appointments made and kept            | Performance Matters Framework  | Performance Management Hubs  | Monthly via PMF and contractor monitoring meetings. Bimonthly at resident forums.                                    |
| Average void turnaround time          | Performance Matters Framework  | Performance Management Hubs. Contracts Manager and Estate Services Manager                       | Monthly via PMF and contractor monitoring meetings. Bimonthly at resident forums.                                    |
| Average telephone call answering time | Performance Matters Framework  | Performance Management Hubs  | Monthly via PMF and contractor monitoring meetings. Bimonthly at resident forums.                                    |
| The average weekly cost per           | Performance Matters framework  | Performance Management Hubs and  | Monthly via PMF and contractor monitoring  |

|  |                               |  |   |
|--|-------------------------------|--|---|
| dwelling of repairs  |                               | Asset and Energy Manager   | meetings. Bimonthly at resident forums.   |
| Rent lost through dwellings becoming vacant expressed as a % of rent collectable | Performance Matters framework | Performance Management Hubs  | Monthly via PMF and contractor monitoring meetings. Bimonthly at resident forums. |
| Planned works delivery KPIs  | Performance Matters framework | Performance Management Hubs and Contracts Manager  | Monthly via PMF and contractor monitoring meetings. Bimonthly at resident forums. |
| Compliance performance delivery, monitoring and reporting                        | Performance Matters framework | Snr Development and Property Services Manager, Contracts Manager and Compliance Projects Manager | Monthly reporting and Quarterly review via HRA governance group.                  |

#### 4.2. Procurement Project Management

4.2.1. The management of this procurement process will be the responsibility of the Category Management Team.

#### 4.3. Post Procurement Contract Management

4.3.1. The management of any subsequent contract will be the responsibility of the Senior Development and Property Services Manager.

4.3.2. To ensure the needs of the requirement are met and continuously fulfilled post award, the following KPIs will be included in the tender and will form part of any subsequent contract. These KPI's will be more specific come tender award stage.

| # | Title                 | Short Description                        | %/measurement criteria |
|---|-----------------------|--|------------------------|
|   | TIME                  | Time to complete works                   | TBC                    |
|   | COST                  | Works completed within budget            | TBC                    |
|   | QUALITY               | Works completed to the required standard | TBC                    |
|   | CUSTOMER SATISFACTION | Customer Satisfaction targets achieved   | TBC                    |
|   | HEALTH AND SAFETY     | Health and Safety targets achieved       | TBC                    |
|   | SOCIAL VALUE          | Social Value promises delivered          | TBC                    |

4.3.3. The contract management of this procurement project post award will be resourced through the following contract management strategy.

4.3.4. The Senior Development and Property Services Manager has operational responsibility for all Client Side functions provided under the contract or internal service level agreements to the Housing Landlord Service. This includes this contract.

4.3.5. The Senior Development and Property Services Manager will be the strategic lead for all contracts procured via this process. The HRA

Contracts Manager will be the operational lead, assisted by other key officers for all contracts procured via this process.

- 4.3.6. The Senior Development and Property Services Manager, with support from the Performance Management Hub and Contracts Manager will monitor and take appropriate action where necessary through robust monitoring and production of key performance information for the contract. There will be a minimum of monthly contractor monitoring meetings in place, at which residents will be present.
- 4.3.7. Unless the current contractor is awarded the new contract, weekly meetings will be held with the new contractor during the transition period and until the contractor is effectively bedded in.
- 4.3.8. Should the current contractor not be retained then the demobilisation of the existing contract will run parallel with the mobilisation of the new contract.

## 5. Market Conditions and Procurement Approach

### 5.1. Market Conditions

- 5.1.1. The service will be utilising a specialist procurement consultant to assist with this procurement activity.
- 5.1.2. Faithorn Farrell Timms (FFT) who assisted with procuring the existing contract have been appointed to assist with the following for contracts 1-3.
  - Producing a suitable specification
  - Lead on market engagement and assist with tenant consultation
  - Producing a term brief
  - Producing a price framework
  - Producing performance mechanisms and KPI's
  - Assist with contract creation
  - Producing method statement questions
  - Developing the ITQ and ITT
  - Developing the tender evaluation framework
  - Tender evaluation and undertake applicable interview
  - Produce the necessary reports and recommendations
- 5.1.3. Contracts 4-9/10 will be procured directly by the HRA.
- 5.1.4. FFT have advised that there will be a large amount of interest in these contracts because of the size and scope, location of the housing stock as well as the value and term length.
- 5.1.5. The HRA and FFT both feel that splitting the procurement into multiple contracts will create a more competitive tendering activity.



## 5.2. Procurement Options

5.2.1. The following is a detailed list of options considered and analysed for this report:

**Option 1 – Do nothing:** The option of doing nothing is not a viable option because the Council has a statutory duty to undertake repairs to its properties and maintain them in a safe and watertight condition.

**Option 2 – Extend the current contract:** The existing contract cannot be extended due to it already receiving one extension and reaching the end of its term.

**Option 3 – Utilise a framework:** The option to utilise a framework(s) could be explored, however due to the variety and nature of the works it is felt that other procurement options would be more suitable.

**Option 4 – Open market procurement:** This option could be run as an open or closed tendering activity and is how the original contract was procured.

## 5.3. Procurement Process Proposed

5.3.1. Further to an extensive review of procurement options as highlighted within Section 5.2 'Procurement Options' above, the following preferred option is recommended, including justification for this recommendation.

### **Option 4 – Open Market tender:**

#### **Advantages**

- Ensures fairness and openness to tendering and ensures the Council complies with EU procurement rules.
- Ensures Housing Regulator standards can still be achieved by having control over the contract and tenants and leaseholders can influence the future shaping of the service.
- Ensures Senior Officers can manage the contract and retain control and manage customer satisfaction and expectations directly.
- The current journey of service improvement that has been driven over the last 12 months can continue by Senior Managers of the HRA.
- Customer input that the service be tendered separately can be achieved, in line with the governments social housing white paper.
- On the basis of “tenants pay their rent and want their repairs done” this option is a direct correlation to this being achieved with excellent customer satisfaction.
- It is anticipated that contractors that tender for a responsive repairs service to housing stock have a particular background in providing this service in tenanted homes. This is compared to contractors

who tender for other general maintenance contract to offices and corporate buildings.

- A fully encompassed contract for the HRA service will ensure streamlined contract management retained within the Housing Service.
- Political expectations can be achieved directly by retention of the service within the HRA.
- The Council can meet its statutory obligations for the repairs and maintenance of its stock.
- Inclusion of Capital works in this contract will assist in the continuity of services between responsive repairs and Asset Management.
- The inclusion of energy efficiency works will put the Council in a strong position for applying for grants and external funding.

### Disadvantages

- Failure to follow this option could mean the Council breaches EU procurement rules unless another EU compliant process is used.
- Tenants and leaseholders have been consulted about the next contract and have strongly expressed a wish to have a contract for the HRA service that provides value for money but also a high-quality service, which they are prepared to pay for.

5.3.2. It is recommended that the contract length be as set out in 1.2.16 with the option to extend by mutual agreement.

### 5.4. Evaluation Criteria

5.4.1. Whilst not finalised at this stage, officers propose to evaluate bidders against the following quality criteria within the tenders. The weighting will be reviewed based on the contract specifics and will focus on the following subjects. This is in line with FFT's recommendation.

| CON NUM | CONTRACT                                   | PROPOSED COST VS QUALITY RATIO |
|---------|--|--------------------------------|
| 1       | REPAIRS, OOH, VOIDS, PLANNED WORKS, ENERGY | 60:40                          |
| 2       | GAS SERVICES                               | 60:40                          |
| 3       | ELECTRICAL SERVICES                        | 60:40                          |
| 4       | FRA SURVEYING                              | 70:30                          |
| 5       | FRA REMEDIAL WORKS                         | 70:30                          |
| 6       | FRA SERVICING                              | 70:30                          |
| 7       | ASBESTOS SURVEYING                         | 70:30                          |
| 8       | ASBESTOS REMEDIAL WORK                     | 70:30                          |
| 9       | WATER MANAGEMENT                           | 70:30                          |
| 10      | LIFT MANAGEMENT                            | 70:30                          |

5.4.2. The shortlisting questions will be based on the following subjects:

| # | Question       | Weighting (%) | Purpose   |
|---|----------------|---------------|---|
|   | Deliverability | TBC           | To ensure that the contractor has the resources to be able to deliver the contract for the proposed term length |

|  |   |              |  |
|--|---|--------------|--|
|  | Competency/Accreditations                         | TBC          | To ensure that the contractor is competent, qualified and accredited to deliver the contract for the proposed term length              |
|  | Fulfilling contract requirements                  | TBC          | To ensure that the contractor has the ability to fulfil all aspects of the contract for the proposed term length                       |
|  | Resident Liaison, sustainability and social value | TBC          | To ensure that sustainability, customers and social value is at the forefront of what the contractor does for the proposed term length |
|  | Interviews  | Not weighted | Contracts will be interviewed by a variety of key stakeholders as part of the procurement process.                                     |

5.4.3. The following risk categories have been identified as having a linkage to this procurement project:

- Procurement process
- Equalities
- Contractual delivery
- Sustainability / Environmental
- Service delivery
- Legal
- Reputation / political
- Financial
- Health & Safety
- Other/ICT\*

5.4.4. For each of the risks identified above further information has been provided below.

- Replacing hardware or software applications.
- Moving offices.
- Forming partnerships. e.g. Police/KFRS/PCT/Universities.
- Building works both corporate & schools.

| <b>Risk Categories</b> | <b>Outline Description</b>  | <b>Plans To Mitigate Risk</b>   | <b>Risk Rating</b> |
|------------------------|---|---|--------------------|
| a) Procurement process | Incorrect procurement could lead to breach of EU procurement rules. | Support from Category Management Team and Procurement Team will be sought, and detailed project plan developed. | E2                 |

|                           |  |   |    |
|---------------------------|--|---|----|
| b) Contractual delivery   | Contract does not commence on 1 <sup>st</sup> Sept 2024  | Commence tender process very early in 2023 and have effective project management in place to manage transition of service if required from current contractor.  | C2 |
| c) Service delivery       | Customer satisfaction significantly reduces during start of new contract and quality of work drops.  | If tender awarded to new contractor robust weekly meetings will take place to manage new contractor. Daily performance reports will be required.  | D3 |
| d) Reputation / political | Ineffective or poorly managed contract may lead to poor levels of customer satisfaction leading to increased enquiries or complaints to Members. Additionally, tenants may perceive Members to be at fault in terms of poorly managed service. | Effective and robust management arrangements in place for contract management with suitably skilled staff.<br><br>Progress in respect of mobilisation and ongoing performance is regularly reported to the Housing and Community Services Portfolio Holder, Overview and Scrutiny, the HRA Governance Group and through other internal monitoring processes.  | D2 |
| e) Health & Safety        | Breach of H&S compliancy leads to death of tenant/employee/contractor or critical injury.  | Dedicated Compliance PM Officer post in place to reduce risk and monitor statutory obligations.<br><br>Robust performance data in place to monitor H&S compliancy that is reviewed regularly.<br><br>Dedicated consultancy in place to monitor and maintain gas servicing compliancy<br><br>Risk assessments in place and regularly reviewed.<br><br>Methods statements in place of the contract.<br><br>Planned works will be managed under Construction (design and management) Regulations (CDM) | D1 |
| f) Equalities             | Service specification produced that prohibits service being accessed by all service users.   | Full diversity impact assessment will be undertaken to address any areas and take necessary action.<br><br>Tenant profile data will be used to model services around individual customer needs.   | D3 |

|                                   |  |  |    |
|-----------------------------------|--|--|----|
| g) Sustainability / Environmental | Reduction in carbon emissions not met or sustained and indeed increased.   | Specification sets out clearly targets to be achieved and robust performance management framework and contract monitoring meetings in place to monitor and achieve this.   | D3 |
| h) Legal                          | Failure to comply with legal requirements and statutory responsibilities in terms of either contract procurement or contract delivery of the service leads to poor PR of the Council or even death of a tenant.  | Clear timetable for procurement in place at outset of the tender process so Legal advice can be sought with ample time.<br><br>Timescales in contract reflect statutory obligations.   | D2 |
| i) Financial                      | <p>Poorly compiled contract and or tendered contract leads to additional costs being sought during contract leading to budget overspends throughout duration of contract.</p> <p>Contract has not been tendered for almost 8 years and costs are relatively unknown and may not be sustainable.</p> <p>Current volatile financial market resulting in unprecedented inflation and significant cost increase.</p> | <p>Potential for price per property for responsive repairs will alleviate this.</p> <p>Consultancy support to produce specification will reduce this risk.</p> <p>Benchmarking data is available and will be reviewed to understand current market values.</p> <p>Non statutory compliancy functions in new specification can be costed separately by the tenders allowing the Council to “pick and choose” additional services.</p> | C1 |
| j) Other/ICT*                     | <p>Ineffective ICT links lead to a poorly managed and inaccurate performance data.</p> <p>Lack of appointments system for customers</p> <p>Inability for customers to report and monitor repairs online.</p> <p>In the event of a new contractor being appointed their ICT</p>   | <p>Effective ICT service level agreement in place to clearly set out response times to service/ICT failures.</p> <p>Clear specification of service requests at outset of tender and compatibility of ICT systems.</p>  | C1 |

|  |  |  |  |
|--|--|--|--|
|  | <p>software may not be compatible immediately to allow the contractor interface to be in place from the start of the contract</p> <p>In the event the contractor locates their office in a new location in Medway there may be a need for relocation of call handling staff PCs and desks.</p> |  |  |
|--|--|--|--|

| Likelihood   | Impact:  |
|--|--|
| A Very high<br>B High<br>C Significant<br>D Low<br>E Very low<br>F Almost impossible | 1 Catastrophic (Showstopper)<br>2 Critical<br>3 Marginal<br>4 Negligible |

## 6. Consultation

- 6.1. A full section 20 Leaseholder consultation will take place as part of this procurement activity.
- 6.2. HRA residents will also be consulted and engaged with throughout the process in line with the social housing white paper requirements.
- 6.3. Other key stakeholders including members and internal teams such as procurement, legal and finance will also be consulted with.

## 7. Financial implications

- 7.1. The procurement requirement and its associated delivery as per the recommendations will be funded from existing revenue / capital budgets.
- 7.2. The funding for all works and services within this proposed tender are fully funded from the HRA revenue and capital works budgets. The latest HRA Business Plan review identified that the financial costs for maintaining the housing stock are sustainable for the next 30 years, ensuring the Council meets its statutory repairs and maintenance responsibilities.

## 8. Legal Implications

- 8.1. The individual proposed procedures are expected to be above threshold and therefore, an FTS notice required. The exceptions being contracts 5, 8 and 10,

which are expected to be below threshold.

- 8.2. The proposed procedures give a high degree of confidence that the Council's primary objectives for procurement are met, as required by Rule 1.2.1 of the Council's Contract Procedure Rules ("the CPRs").
- 8.3. Under the Council's Contract Procedure Rules, the proposed procurement is a Category B high-risk procurement (Rule 2.4), and therefore has been referred to Cabinet for approval. The process set out in this report meets the requirements for such procurements. The proposed procurement must also be advertised on the Kent Business Portal, in compliance with rule 3.3 of the CPRs.
- 8.4. Medway Council has the power under the Local Government (Contracts) Act 1997 and the Localism Act 2011 to enter into contracts in connection with the performance of its functions.

## 9. Other Implications

### 9.1. TUPE Implications

- 9.1.1. Further to guidance from Legal Services, Human Resources and the Strategic Procurement Team, it has been identified that TUPE does apply to this procurement process.
- 9.1.2. It has been identified that potentially 39 employees could be affected by TUPE resultant if the incumbent provider is not successful as part of the procurement tender process. All 39 employees sit on the contractor's side, and it is envisaged that there will not be any TUPE implications for existing HRA Council staff.

### 9.2. Procurement Implications

- 9.2.1. All requirements above £100K must be advertised on the Kent Business Portal and in the Find a Tender Service (FTS) (where above the tender thresholds for goods, services or works).
- 9.2.2. This Gateway 1 report has been submitted requesting to commence the procurement of up to 10 contracts to underpin the HRA's Maintenance and Repair Programme; the intention is to streamline the approvals process for these contracts and allow a quicker route to market as soon as the tender packs are prepared. Subsequent Gateway 3 reports will be submitted individually.

### 9.3. ICT Implications

- 9.3.1. The HRA is in the process of implementing a new housing management ICT system. The contractors tendering will need to demonstrate any potential ICT interfacing that could take place with this system as part of the activity.

- 9.3.2. Potential for contractor, if not the incumbent contractor, to have in place a contractor interface to link to the Council's own system to allow live system updates from 1 September 2024.
- 9.3.3. Potential for contractor to have new/different ICT software from the incumbent contractor's software.
- 9.3.4. Potential for new office location of contractor requiring the Council's own call handling staff and ICT hardware to be relocated.
- 9.3.5. Requirement during the contract to allow online reporting of repairs and booking of appointments and tracking of repair orders by tenants and leaseholders.
- 9.3.6. There are significant implications for Medway ICT Services, as the work carried out with the incumbent contractor would have to be, at a minimum, replicated, and at worst, completely re-scoped and implemented. Both scenarios would involve resources from ICT and depending on the scale of the work required, could require significant resourcing.
- 9.3.7. The contracts will also need to consider how technology could be utilised to improve the customer experience as well as achieving operational efficiencies and financial savings.

## 10. Social, Economic and Environmental Considerations

- 10.1. The proposed contracts will be procured with a focus on enhancing social value (including employment and environmental requirements), innovation, ICT, performance, and value for money.
- 10.2. Social Value initiatives that will be explored further to include but are not limited to:
  - Economic inclusion
  - Carbon reduction and sustainability
  - Health and wellbeing
- 10.3. Under the Public Services (Social Value) Act 2012, the Council must consider before starting the process of procurement, how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and how, in conducting the process of procurement, it might act with a view to securing that improvement.
- 10.4. This social value duty is balanced by obligations to ensure fair and open competition as set out in the Public Contracts Regulations which state, inter alia, that award criteria must be 'linked to the subject matter' of the contract in question and must be contract-specific and not aimed at assessing the business or corporate policies of the tenderer.



- 10.5. Carbon neutrality (particularly emission reductions) will be designed into the tender and evaluation process. Tenderers will be required to evidence how their approach to fleet management will reduce emissions, demonstrate a general promotion of green energy, and achieve the FORS silver accreditation. Single use plastic policies will also be required.
- 10.6. The new contracts will embody an ethos of social value in terms of job, standards, training, and apprenticeship opportunities for residents, wages, homes, and positive health outcomes.
- 10.7. Equalities matters will be prioritised as part of the regular monthly contract and performance review meetings and, as a minimum, will cover diversity/equality, social value, safeguarding alerts and complaints.
- 10.8. The proposed contracts will help the Council maintain its corporate parenting responsibilities by making apprenticeship, training, and work placement opportunities more accessible to care leavers and provide care leavers with additional support during the application process. Additionally, other social value initiatives on relating to mental health and wellbeing, dedicated partnership placements with organisations/schemes and long-term commitments to provide the best outcomes for young people will be explored.
- 10.9. Social value will need to be quantified as part of the procurement process, with specific social value KPI's included within the contract. Financial penalties will also be considered within the contract as a mechanism to hold contractors to account for not delivering their social value commitments.

## 11. Recommendation

- 11.1. The Cabinet is recommended to approve the procurement commencement of the HRA's Repairs and Planned works contract (with associated compliance contracts) as per the preferred option identified in section 5.3 of this report.

## 12. Suggested Reasons for Decision

- 12.1. The recommendations contained within are provided on the basis that the current contract ceases on 31 August 2024 and cannot be extended. Failure to provide a repair and maintenance service will mean the Council cannot meet its statutory obligations in terms of maintenance of its stock.

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## Appendices

Appendix 1 – Diversity Impact Assessment

Background Papers

None