

 Brent	Cabinet 11 March 2024
	Report from the Corporate Director, Resident Services
	Lead Member - Cabinet Member for Housing, Homelessness & Renters Security (Councillor Promise Knight)

Future of Housing Repair Service Update

Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
List of Appendices:	None
Background Papers:	None
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1.0 Executive Summary

1.1 This report provides an update on the progress for the procurement and implementation of the new repairs service. It also provides more detail of the pre-tender considerations.

2.0 Recommendations

That Cabinet:

2.1 Approve an extension to the current housing repairs service contract with Wates, for a period of six months, with the possibility of extension for a further six months for the reasons set out in paragraphs 5.1 and 5.2.

2.2 Approve the outline pre-tender considerations set out in Section 6.

2.3 Approve the new timetable for future repairs delivery actions as set out at paragraph 5.3.

- 2.4 Approve the proposal that the final cost/quality split will be agreed by the Corporate Director, Housing and Resident Services, in consultation with the Corporate Director, Finance and Resources.

3.0 Detail

Cabinet Member Foreword

- 3.1 This report outlines the proposals for the future of the repairs service and how officers have worked closely with members to agree on a preferred option. The hybrid model set out in this report includes a framework of local contractors and a handyman's service. It is expected that some of the procured contractors will be based in Brent and some the handypersons recruited will be Brent residents. This is in line with the Council's strategic priorities of Prosperity and Stability in Brent, Community Wealth Building and Thriving Communities.

Contribution to Borough Plan Priorities & Strategic Context

- 3.2 The Borough Plan includes two priorities specific to Housing, that are:
- Strategic Priority 1 – Prosperity and Stability in Brent
 - Strategic Priority 2 – A Cleaner, Greener Future
- 3.3 These two priorities re-affirm the Council's ambition to continue building new Council homes with a target of 1,700 homes by 2028 and improving the quality of housing across the private sector and in the Council's own housing stock. Housing is also a key stakeholder in the delivery of Green Neighbourhoods both through the engagement with Registered Providers and investment in Council owned homes, specifically retrofitting poorly performing housing. It is acknowledged that whilst Housing is not specified in the remaining priorities set out in the borough plan, a safe, suitable, and secure place to call home is a foundation for Thriving Communities, The Best Start in Life, and a Healthier Brent.
- 3.4 Other strategies that are relevant to Housing include:
- Black Community Action Plan
 - Climate and Ecological Emergency Strategy
 - Homelessness and Rough Sleeper Strategy
 - Equality Strategy
 - Health and Well-being Strategy
 - Procurement Strategy
 - Local Plan
 - Inclusive Growth Strategy
- 3.5 Future Strategies due for delivery this year that will also provide context are the Private Housing Strategy, Tenant and Leasehold Engagement Strategy and overarching Housing Strategy.

4.0 Background

- 4.1 In 2014 Brent Housing Partnership (BHP) entered into a contract with Wates Construction Limited (Wates), to deliver the integrated asset management, planned and cyclical maintenance and responsive repairs maintenance works. The contract commenced on 1st October 2014 for an initial 5-year period, with the possibility of a further extension of 5 years.
- 4.2 The Contract was novated from BHP to the council in 2017 and thereafter varied to allow for a shorter extension period and further extension periods were agreed until the 5 August 2022. The parties subsequently agreed to exercise the option to extend the Contract further, until the 30 September 2024 (the “Extension Period”).
- 4.3 On 11 September 2023 Cabinet considered the future of the housing repairs service and agreed to a new hybrid delivery model which consisted of up to 6 main contractors using a Brent procured framework for additional local supplier support to deliver the service. A handyperson service was also agreed to deliver basic communal repairs.
- 4.4 The hybrid model was chosen for the following reasons:
- It meets the agreed principles of the service.
 - It provides the stability of having a main contractor delivering a large part of the service which limits the risk to the Council.
 - It provides competitive performance challenge across all areas.
 - It creates an opportunity for community wealth building.

5.0 Extension of Wates Contract

- 5.1 The Housing Management Service (HMS) procured ARK Consultancy to work alongside them to support in the delivery of the new repairs service. Early in the discussions with ARK there was a concern about delivering the new service in time for the expiry of the existing contract, in particular mobilisation time. The hybrid model is not a standard way of delivering a repairs service so more work and time is required to make it fit for purpose. ARK have suggested that a minimum six-month extension to the current Wates contract will be necessary to undertake the needed preparation work to make the model a success. However, HMS are, on the advice of procurement colleagues, requesting a six plus six month extension to safeguard against any unforeseen issues that may delay the procurement process. Both parties remain confident, however, that a six-month extension will be enough time to deliver the new service. The new model is significantly different to the current and has particular complexities, not least how multiple lead contractors will work with both the Brent contractor framework and also the proposed handyperson service. Careful design of the contracts, specifications and commercial models are critical given the inherent risks and need to be informed by market feedback and properly tested.
- 5.2 It is also felt prudent to allow for six months’ mobilisation following contract award. Whilst a shorter period may be feasible, the requirements of potentially

mobilising multiple contracts and also achieving the required level of integration between the Council and contractors' ICT systems to enable a seamless service from day 1, a six-month mobilisation period therefore de risks the success of the implementation significantly. Officers are also proposing to allow for a slightly longer tender period than the statutory minimum of 30 days under the Public Contracts Regulations 2015. This will allow for sufficient consideration of queries on the contract and requirement from bidders and will mitigate what will inevitably be requests for extensions to the tender deadline, given the volume of tender activity in the market and evidence of contractors being more discerning over which opportunities to bid for.

5.3 If the extension to the current contract is agreed the indicative timetable will be as follows:

Activity	Start	Completion
Contractor engagement event	14/02/2024	14/02/2024
Cabinet Meeting to approve Proposal	11/03/2024	11/03/2024
S20 Notification of Intention Publish	12/03/2024	12/03/2024
S20 period ends	16/04/2024	16/04/2024
Consideration of S20 responses	17/04/2024	18/04/2024
All Tender documents to be completed ready for publication	02/05/2024	02/05/2024
Publish FTS Notice	07/05/2024	07/05/2024
Bidders period for submitting contract clarifications	07/05/2024	31/05/2024
Contract clarification response deadline for LBB	07/06/2024	07/06/2024
Bidders period for submitting non-contract clarifications	07/06/2024	07/06/2024
Non-contract clarification response deadline for LBB	14/06/2024	14/06/2024
Submission Deadline	21/06/2024	21/06/2024
Evaluation/Clarification and Moderation meetings	24/06/2024	19/07/2024
Outcome Report Drafting	19/07/2024	26/07/2024
Outcome report approval	26/07/2024	02/08/2024
S20 Outcome consultation	05/08/2024	08/09/2024
Response consideration deadline	10/09/2024	11/09/2024
Conditional Award	11/09/2024	11/09/2024
Standstill	11/09/2024	21/09/2024
Unconditional Award	23/09/2024	23/09/2024

Contract Mobilisation Period	23/09/2024	31/03/2025
Contract Go Live	01/04/2025	01/04/2025

6.0 Pre-tender Considerations

- 6.1 The first tier of the hybrid model will consist of six lots, three in the South of the borough and three in the North see below:

North of Brent	South of Brent
Lot 1 Responsive repairs	Lot 4 Responsive Repairs
Lot 2 Planned works	Lot 5 Planned works
Lot 3 Void repairs	Lot 6 Void repairs

- 6.2 Brent is considering options of how to ensure we gain best value from this process. Although only One Lead Contractor will be appointed for all/ per Lot for North or South, Brent is still reviewing if Lead Contactors can bid in both / or only North or South.
- 6.3 Tenders will be evaluated for the first tier contractors based on a cost and quality split. Whilst there is a pressure now and there will continue to be pressure on the HRA it is still incumbent on the Housing Management Service to provide the highest quality of service under the current financial constraints. The quality of service will always be reflected in customer satisfaction which is now being monitored by Regulator of Social Housing through Tenant Satisfaction Measures (TSM'S). It is proposed that the final split will be agreed by the Corporate Director Resident Services, in consultation with the Corporate Director Finance and Resources.

Pricing

- 6.4 The pricing for Lots providing responsive repairs and void repairs will be based on Price Per Property (PPP) and Price Per Void (PPV) with exclusion charged at National Housing Federation (NHF) 7.1 Schedule of Rates. The pricing for the planned works Lots will be based on NHF 7.1 with preliminaries and overheads and profit charged separately to direct (i.e. labour, material and subcontractor) costs.

7.0 Contractor Framework

- 7.1 The agreed hybrid model includes a Brent procured Contractor Framework (CF) that will encourage local bidders and will provide support suppliers to the first tier contractors. We expect the CF to be used when the first tier contractor do not have the internal trades, skills or capacity in their direct labour to undertake

requested repairs. This is normal in the repairs and maintenance sector and most first tier contractors will have their own list of support suppliers they normally use when delivering similar contracts. However, most contractors will not have worked in an arrangement where they can only use a framework of suppliers procured by a local authority.

- 7.2 The above approach would allow HMS to gradually build a strong sustainable CF where smaller local suppliers are able to build on their experience and expertise with the support of the Council. We want to be in a position where the CF will have the capacity to take on all work delivered by the first tier contractors but we understand this will take some time. So, we will work with local contractors to help them develop and future proof the service.
- 7.3 In conjunction with Economic Development, we will arrange a market engagement event where we will invite prospective local bidders to attend and receive an overview of our proposals. This will include support in terms of understanding the scope of the works, the operation of the contracts, how to submit a bid, what they can expect and what will be required from them. We will offer additional bespoke support to any prospective bidder that requires it.
- 7.4 A market engagement event for the prospective lead contractors took place on 14 February. This was well attended and was a valuable interaction with the prospective lead contractors.
- 7.5 ARK has also undertaken soft market testing. Because of the major changes to the delivery model and some of the potential complexities associated in the relationship between the proposed new contracts and both the proposed Brent CF and Handyperson service, it is critical that a level of engagement takes place with the Lead contractors in the market to ensure that the opportunity is taken to encourage sufficient interest and quality responses that offer value for money. A Prior Information Notice (PIN) was published on 26 January which both alerted the market to the forthcoming tender opportunity and also provided the opportunity for them to respond to specific questions around:
- Use of the Brent-procured CF
 - The contractors' usual delivery model in particular the balance between direct delivery and subcontracting
 - Pricing models for each workstream and how to minimise 'risk-pricing'
 - Minimum contract values
 - Preferred contract length and use of 'no fault' break clauses
 - Form of Contract to be used
- 7.6 The deadline for submission of soft market testing responses was 12 February. Further updates will be available once the contractor feedback has been considered in conjunction with the market engagement events.
- 7.7 The initial thoughts from workshops held with ARK are that first tier contractors can deliver the PPP and PPV elements of the responsive repairs and void contracts through their direct labour or own supply chains, which would enable them to provide PPP and PPV rates at tender stage (which would be before the

CF appointments and rates are confirmed), however exclusions could be delivered through the CF which will provide some cost certainty on exclusion spend.

Contractor Framework Procurement Timetable

Indicative dates are:	Required Date
Supplier Market Engagement session.	Feb 24
S20 Leasehold consultation	Mar 24
Adverts placed and SQ issued	May 24
Deadline for SQ submissions	Jun 24
Evaluation of SQ submissions and notification of outcome to bidders	Jun 24
Invitation to Tender Issued	Jul 24
Deadline for tender submissions	Aug 24
Panel evaluation and moderation	Sep 24
Report recommending Contract (Framework Agreement) award circulated internally for comment	Oct 24
S20 consultation	Nov 24
Contract (Framework Agreement) Award – Delegate Authority to Corporate Director with Lead Member to award	Dec 24
Minimum 10 calendar day standstill period – notification issued to all tenderers and additional debriefing of unsuccessful tenderers	Dec 24
Contract (Framework Agreement) Mobilisation	Jan 25
Contract (Framework Agreement) start date	Mar 25

8.0 Handyperson Service

- 8.1 The handyperson service will predominantly undertake communal repairs but may also undertake mould washes where necessary and provide a rapid response in the event of an emergency. The handypersons will work very closely with the area surveyors, caretakers and Housing Officers, ensuring that minor communal repairs are identified and completed quickly.
- 8.2 ARK have started to put together a draft job description and the plan is to try and recruit 10 handy persons ahead of the new contracts. This will provide us with earlier improvements to the service and reduce some of our spend on exclusions as all communal repairs are deemed as exclusions in the current Wates contract.

9.0 Call handling

- 9.1 Call handling is an important part of the repairs service as it is the start of the customer journey. This is the stage where key information is gained from the resident which can be the difference between having a seamless customer journey and having continuous delays to complete what seems like a simple repair.
- 9.2 Currently we have systems that don't interface seamlessly, which means the contact centre are sometimes unable to confirm appointments with residents in that initial phone call, which causes frustration at the very start of the customer journey. Therefore it is essential that the contact centre have direct access into the contractor system so appointments and availability is visible. This will be a requirement of the tender specification.

10.0 Systems

- 10.1 The current systems will need to be reviewed as they may not be sufficient to deliver the hybrid service. A system is required to provide a platform to manage the Contractor Framework (CF) for work allocation and monitoring of workloads. A system is also required to manage and allocate work to the handyperson service.
- 10.2 HMS are currently exploring what options are available and what the cost is likely to be. Having the right system in place will be important to the success of the new service particularly the CF and the handypersons.
- 10.3 There is also the need to develop current systems like Northgate and Dynamics to enable a smooth transition from one contractor to several. There is also the need to develop the current online repairs provided through MyAccount.

11.0 Cost of New Service

- 11.1 The new service is likely to be more expensive than the current service mainly because the original Wates contract was let 10 years ago and costs of materials and labour have seen record increases over the last couple of years. There is

approximate 40% difference in cost between NHF 6.1 the schedule of rates the current contract is based on and the new version NHF 7.1.

- 11.2 The current PPP has not been reviewed annually as it should have been under the contract so this could also increase through the new tender. Experience of recent activity in the market has suggested PPP rates in the region of £450 to £550 assuming a certain level of exclusions and contractors' perceived levels of risk. Increases in repairs volumes as a result of greater homeworking post-Covid as well as inflationary pressures in the market have driven up costs under all commercial models.
- 11.3 PPV rates have similarly seen a steady increase with PPV rates closer to £3,000 with cost caps and exclusions.

12.0 Stakeholder and ward member consultation and engagement

- 12.1 A Members Repairs re-procurement working group was formed late last year to provide constructive oversight and feedback on the design and delivery of the hybrid Repairs delivery model. Two meetings have been held where discussions have taken place about the vision for the service and the progress of the delivery model.

13.0 Financial Considerations

- 13.1 The proposed contract extension for Wates, does not change any agreed contractual commitments and costing structure between the Council and Wates, therefore the extension will not directly result in additional budget requirement to fund housing repairs programme in 2023/24.
- 13.2 Hybrid repairs model, where the majority of repairs are outsourced to a group of contractors and an internal handyperson service focusing on communal repairs is estimated to cost £1.2m for implementation, this is £0.4m more than the cost estimated for direct re-procurement. The additional cost of implementation is estimated to be mitigated through cost reductions in communal repairs, through use of an internal handyperson service. Management cost of handyperson service is estimated at £0.6m and will need to be contained within the overall budget for repairs once annual contract costs are known for hybrid model.
- 13.3 High levels of uncertainty around cost inflation and rising interest rates pose a financial risk to the HRA. This has an impact on the cost of materials for repairs and affordable labour market, as well as potential need to borrow, in order to fund major refurbishments to tower blocks, therefore posing further challenges to financial affordability in the HRA. Inflation on existing repairs budgets between 5% to 10% could result in additional budgetary requirements ranging between £1.7m to £3.4m. Cost increases associated with repairs management will require funding through a combination of inflation on rental income and efficiency savings to avoid budget deficits.

14.0 Legal Considerations

- 14.1 It is recommended that Cabinet approval is sought to an extension to the current housing repairs service contract with Wates for a period of six months with the possibility of extension for a further six months for the reasons set out in paragraphs 5.1 and 5.2. The current contract with Wates is due to expire on 30 September 2024. The contract does not contain provision for further extension and therefore any further extension will need to be agreed with Wates. On the basis that the extension is for a maximum of 12 months, it is considered that such extension is permissible in accordance with Regulation 72 of the Public Contracts Regulations 2015.
- 14.2 The estimated value of the procurement for the housing repairs service is above the threshold for Works under the Public Procurement Regulations 2015 (the “PCR 2015”) and the procurement is therefore governed by the PCR 2015.
- 14.3 The procurement is subject to the Council’s own Standing Orders and Financial Regulations in respect of High Value Contracts. For High Value Contracts, Cabinet must approve the pre-tender considerations (Standing Order 89) and the inviting of tenders (Standing Order 88).
- 14.4 The report contains information in Section 6 addressing some of the pre-tender considerations detailed in Contract Standing Order 89. It is noted that the Council’s consultants, Ark, are obtaining contractor feedback regarding certain pre-tender considerations which will inform the full list of pre-tender considerations to be considered by Cabinet.

15.0 Equality, Diversity & Inclusion (EDI) Considerations

- 15.1 Pursuant to s149 Equality Act 2010 (the “Public Sector Equality Duty”), the Council must, in the exercise of its functions, have due regard to the need to:
- (a) eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it,
- 15.2 The Public Sector Equality Duty covers the following nine protected characteristics: age, disability, marriage and civil partnership, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 15.3 Having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising

disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.

15.4 There is no prescribed manner in which the council must exercise its public sector equality duty but having an adequate evidence base for its decision is necessary.

15.5 An Equality Analysis of the preferred option will be undertaken in due course.

16.0 Climate Change and Environmental Considerations

16.1 As part of the tender process Officers will explore the idea of requesting all contractor vehicles are electric or hybrid to reduce emissions whilst they travel around the borough. Handyperson's vehicles will all be electric.

16.2 The above will help the Council's environmental objectives and climate emergency strategy.

17.0 Human Resources/Property Considerations (if appropriate)

17.1 The re-procurement of the housing repairs service is likely to involve the transfer of staff pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). Such transfer is likely to be complex given the intention to split the service into six lots.

18.0 Communication Considerations

18.1 The CF will require a communication strategy that will include an open day where contractors are invited to discuss the opportunity of working with the Council. HMS are also working with Brent Works to support in the recruitment of handypersons for the new service.

18.2 As highlighted in 12.6 there is likely to be significant change in the way services are provided for residents, therefore a detailed communications plan will be developed to include tenants and leaseholders as the new repairs service is implemented.

Related document(s) for reference

Cabinet Report (11 September 2023) - [Future of Housing Repairs Service](#)

Cabinet Report (11 March 2024) - Amendment to Authority to Tender for Framework Agreements for Housing Refurbishment Works and Technical Consultancy Services

Report sign off:

Peter Gadsdon

Corporate Director, Resident Services