

Executive Summary of Optionsⁱ

| Option | Advantages | Disadvantages |
|--|---|---|
| <p>Direct delivery i.e. no separate organisation – council provides services</p> | <p>Council in control</p> <p>No private profit extracted</p> <p>Staff receive benefits of working for the council – likely to have union and staff support</p> <p>No risk of contractor insolvency</p> <p>No procurement necessary for DLO</p> <p>Ability to ensure positive relationships with tenants</p> | <p>May not be realistic if incumbent’s management employees are not caught by TUPE or opt out of TUPE (council does not currently employ staff with the necessary experience)</p> <p>Significant start-up costs e.g. vans, IT as there is currently little/no infrastructure</p> <p>DLO will find it more difficult to meet fluctuating demands than a national contractor who can flex their workforce across geographic areas</p> <p>Lack of established ways of working and corporate experience of delivering services</p> <p>Significant resources required to undertake multiple procurements e.g. vans, IT, sub-contractors</p> <p>Will have to procure sub-contractors etc. in compliance with EU regulated public procurement regime and Contract Standing Orders</p> <p>Will need to procure some planned repairs and major works where the DLO does not have the capacity / skills</p> |
| <p>Outsourcing – either via a partnership contract, term contract or framework agreement</p> | <p>Successful bidder will supply vans and IT and will absorb start-up costs (though will be reflected in pricing)</p> <p>Likely to have established ways of working/procedures in place to deliver services</p> <p>Council will receive a contractor warranty in relation to the works</p> <p>Existing contract has worked well for responsive repairs. Separate tailored procurements e.g. for responsive repairs and major works would ensure right contract and contractor for different</p> | <p>Risk of contractor insolvency (but this risk can be reduced by robust consideration of financial standing in selection stage of procurement)</p> <p>Incumbent will have advantage in procurement process over other suppliers as no start-up costs and in-depth knowledge of councils requirements (though the council is under a duty to try and level the playing field if possible during the procurement process)</p> <p>Procurement process encourages low bids which may lead bidders to plan to reduce wages (despite constraints of TUPE)</p> <p>May not work as well for customer contact</p> |

| | aspects of service | where more control and interaction with tenants would be beneficial |
|-------------------------|---|--|
| Wholly owned subsidiary | Council in control in relation to staff | <p>If contractor appointed to manage – will extract some profit</p> <p>High cost of establishing and administrative costs of supporting board etc</p> <p>Potentially difficult to navigate as staff employed by council but taking direction from contractor</p> |
| JV | May be able to win other work and benefit from economies of scale | <p>Competitive dialogue takes 12- 18 months.</p> <p>Incumbent has advantage</p> <p>Very high start-up costs e.g. legal work to support competitive dialogue and establish JV</p> <p>Ongoing costs of supporting board etc.</p> |

ⁱ This executive summary does not include all the advantages and disadvantages set out in the Trowers & Savills report but is intended to capture the most significant ones.