

<b>Subject:</b>	<b>Future Repairs &amp; Maintenance to Council Housing Stock.</b>		
<b>Date of Meeting:</b>	<b>15 January 2020</b>		
<b>Report of:</b>	<b>Executive Director for Housing, Neighbourhoods and Communities</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>David Canham</b>	<b>Tel: 01273 293165</b>
		<b>Martin Reid</b>	<b>Tel: 01273 293321</b>
	<b>Email:</b>	<b>david.canham@brighton-hove.gov.uk</b>	
		<b>martin.reid@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 This report updates committee on the progress of the programme to set up the future delivery of responsive repairs, empty property refurbishments, planned maintenance and improvement programmes, and major capital projects to council housing stock post April 2020.

**2. RECOMMENDATIONS:**

- 2.1 That the Committee notes the progress with the programme which is outlined in the body of this report.

**3. CONTEXT/BACKGROUND INFORMATION**

- 3.1 Brighton & Hove City Council currently operates a ten year partnering contract with Mears Limited ('Mears') under which the following services and works are provided for the council's housing stock:

- Responsive repairs and empty property refurbishments
- Planned maintenance and improvement programmes
- Major capital projects

- 3.2 Following extensive consultation, a special Housing & New Homes Committee held on 28 September 2018 and Policy, Resources & Growth Committee on 11 October 2018, the following recommendations were approved for the delivery of the above services following the expiry of the contract with Mears from April 2020:

That:

- Customer service and quality assurance services are brought in-house
- Responsive repairs and empty property refurbishment works to council housing stock are brought in-house
- Planned maintenance and improvement programmes are procured through at least one contract for a term of five years with the option to extend for up to a further two years
- A multi-contractor framework agreement is procured for major capital projects with a term of four years

For a full list of decisions please see Appendix 1.

#### **4. KEY AREAS OF PROGRESS**

##### Setting up the in-house responsive repairs service

- 4.1 Approximately 160 Mears staff will transfer into the council on 1 April 2020. TUPE (Transfer of Undertaking Protection of Employment) protects the terms and conditions of employment of transferring staff, which will mean the staff will maintain their current contractual terms and conditions.
- 4.2 Between January and March, a number of on-boarding activities will take place to ensure that the transferring staff are welcomed into the council and that all processes are complete to enable staff to carry out their jobs from day one. This includes 1-2-1's with staff, DBS (Disclosure and Barring Service) and right to work checks, and the issuing of a formal measures letter. Measures are anything which will change for staff as part of the transfer. The council is seeking to ensure that change is minimised for staff through the transfer process.
- 4.3 A full induction and training plan has been created for transferring staff. This includes the standard induction courses for any new council employee, as well as new eLearning courses which will ensure staff have adequate health and safety training to undertake their jobs. The new health and safety eLearning will be delivered by the iHASCO system, an online eLearning platform which provides a suite of health and safety and human resource compliance training courses. Much of the course content has been accredited by CITB (Construction Industry Training Board), IOSH (Institution of Occupational Safety and Health), and ROSPA (Royal Society for the Prevention of Accidents). The iHASCO system can be integrated with the council's Learning Gateway training system to track completion of courses.
- 4.4 The training and induction plan will be spread out over a number of months, and where possible will be delivered before April to minimise disruption to service levels. Joint training for transferring staff and the council's Housing Property and Investment team has also been planned to support the development of these teams and help build close working relationships.
- 4.5 The responsive repairs service will be called 'Housing Repairs & Maintenance', and the phone number which residents will call to report a repair will remain the same as it is now to enable continuity of service.

- 4.6 The council's Print & Sign team will procure the new uniforms for operatives and carry out the logo printing. The design of the new uniforms was made in consultation with the resident Task & Finish group as well as the staff who will be transferring into the council.
- 4.7 Pest control services to council housing stock are currently sub-contracted out by Mears. This service will be delivered by the council's in-house Pest Control team from April through a service level agreement to carry out the works to council housing stock. By delivering this service directly, the in-house team can focus on providing more long-term solutions to pest related issues, resulting in better quality housing and potential long-term savings.
- 4.8 An out of hours call handling provider is being procured via an existing framework agreement. The provider will take calls for emergency repairs outside of working hours which will then be directed to the on-call operatives. Further consideration on how this service can best be delivered in the future will be undertaken in future years when the council has robust data around the demands and use of this service outside of working hours.

#### Contract with Mears

- 4.9 In order to bring the services in-house there are some discrete products which the Council will purchase from Mears for a limited period. Officers are currently negotiating a contract which will cover the areas set out below. Officers will only go ahead with this contract(s) if terms can be agreed, and are developing contingency plans in case it is not possible to agree beneficial terms with Mears.

#### (i) Works management system

- 4.10 The provision of IT platforms and systems to support the service are key to ensuring that customer experience is maintained at a high level and that the council continues to deliver core services for residents without any reduction in customer services or the efficiency of the service. In order to ensure this, council staff will utilise the current MCM works management system to manage individual repairs and monitor the performance of the Housing Repairs & Maintenance service.
- 4.11 MCM, the IT works management system currently supplied and used by Mears will continue to be used by the staff who transfer over, until the new Northgate Housing Management IT system is implemented by the council (along with the procurement of a new works management system which will interface with the Northgate system). The Northgate implementation is separate to the future repairs programme, and is expected to go live in January 2021. The transition from MCM onto Northgate and a new works management system is expected to take approximately two years from April 2020.

#### (ii) Materials

- 4.12 The Housing Repairs & Maintenance operatives will be supported by supply chain arrangements for purchasing materials to complete repairs. This will be delivered through a range of materials suppliers in the city through the MCM system. This supply chain will be provided by Mears as part of the use of the

MCM system. This will enable the service to avoid delays or disruptions to the core repairs work and critical urgent works. Materials can be purchased automatically via MCM, allowing real-time cost capture and van stock replenishment via an operative's PDA device. If the council were to procure its own supply chain whilst using MCM, it would not be possible to automate back office processes in the same way, resulting in a less efficient service, a limited ability to track the true cost of jobs, and an increased risk of fraud.

- 4.13 The materials supply chain will be reviewed in line with the arrangements for new IT systems, so that any system procured can be fully integrated into a council operated materials supply chain.

(iii) Sub-contractors

- 4.14 The existing Mears contract uses subcontractors for certain works e.g. asbestos, scaffolding and some routine works for the repairs service where additional resources are required. These subcontracted works will need to continue from April, and to ensure stability over the transition period the council will continue to utilise the Mears subcontractor supply chain for an initial period. Many of the subcontractors used by Mears for these works are local SMEs (small and medium sized enterprises). For the avoidance of doubt, these works are not the 'specialist works' referred to in recommendation 2.6 of the October 2018 report which are for mechanical and electrical contracts including gas heating servicing and maintenance, lift servicing, maintenance and installation, door entry systems etc. These will require separate contracts which will come back to committee for authority to provide and award when required.

- 4.15 A DPS (Dynamic Purchasing System) is also currently being set up to allow the council to procure its own subcontractors in the longer term, but this will need to be implemented in a staged process to ensure continuity of works and services to residents, and to allow for the process of awarding and managing works to be integrated into existing IT systems. This is expected to be fully in place by April 2021.

(iv) Vehicles

- 4.16 The repairs service currently operates with a fleet of 107 vehicles, the majority of which are Ford Transit Customs/Connects. These vehicles, to be sub-leased from Mears, will be used in the first year with an option to extend for a further year of the service so that options to procure a more sustainable fleet can be explored, including the use of hybrid and electric vehicles. Introducing electric vehicles for April 2020 would be problematic due to the infrastructure required in the city to maintain the fleet and the levels of works required of the responsive repairs service.
- 4.17 By continuing to use the current fleet in the first year, it enables the service to meet the demands of carrying out approximately 40,000 repairs jobs annually, whilst carrying out a small pilot of electric/hybrid vehicles to inform a wider procurement for the whole service going forward. The fleet will be rebranded with council branding for April 2020.

## Planned maintenance and major capital works

- 4.18 Planned maintenance and improvement works will be delivered by 3-7 contractors who will competitively bid for the works. The works are split into seven lots and contracts are to be awarded for a five year period with the option for the council to extend by up to a further two years. The lots are as follows:
- Lot 1: Kitchens and bathrooms
  - Lot 2: Internal and external decorations and repairs
  - Lot 3: Windows
  - Lot 4: Roofs
  - Lot 5: Doors – flats and street property doors (including fire doors)
  - Lot 6: Doors – main entrance doors
  - Lot 7: Communal and domestic rewiring
- 4.19 Following feedback from residents on the importance of robust contract management and performance, NEC (New Engineering Contract) has been chosen as the contract type for the planned maintenance and improvement works. The NEC contract is an industry standard for these types of works, and the terms are written in clear and plain English.
- 4.20 Service levels (also known as Key Performance Indicators or KPIs) have been incorporated into the contracts to support the management of the contracts and maintain the quality of works. Break clauses are also covered in the contract to enable the council to terminate if necessary.
- 4.21 The expected contract award date for the contracts for planned maintenance and improvement works is July 2020. Although this is later than first anticipated due to the complexity of the procurement documents, this will not cause any material delay to the planned maintenance works and there has been significant legal and procurement oversight in the development of the full range of contract documents and procurement processes to ensure that robust contracts are in place to meet the programme objectives.
- 4.22 The planned works programme is still in development and will be delivered in line with the outputs from the stock condition surveys currently being carried out. Arrangements will be in place should the council need to carry out any ad hoc work, such as kitchen and bathroom replacements in empty properties, ahead of the full mobilisation of these contracts.
- 4.23 The delivery plans for next years' major capital works programme is in development and a reduced level of capital spend is anticipated to reflect the large number of contracts being mobilised and the increased level of tenant and leaseholder engagement undertaken for larger projects. Alternative procurement routes are being explored with Procurement colleagues so that any urgent major capital works required can be delivered on time alongside the new framework arrangements for future capital works.

## Stakeholder engagement

- 4.24 A 'task and finish' group meets with the programme team monthly to support the programme. This group is made up of tenant and leaseholder representatives from our existing resident engagement structure.
- 4.25 The task and finish group has recently provided feedback on service levels and break clauses which has informed the planned maintenance contracts as described above.
- 4.26 The programme team also provides updates at other resident interest groups, such as the Home Service Improvement Group, and the Leaseholder Action Group (LAG).
- 4.27 Engagement with Members has been undertaken through regular Housing Committee updates, Members briefing sessions, and the Procurement Advisory Board (PAB). The forthcoming re-introduction of PAB plus (PAB Members plus Housing Committee Chair and Spokespersons) will help maintain the oversight and assurance from Members in the run up to the transfer in April 2020.
- 4.28 A report on the recently completed programme audit will be taken to Audit and Standards Committee in January 2020.

## **5 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 5.1 This report updates Committee on the progress of the programme and therefore alternative options are not required.

## **6 COMMUNITY ENGAGEMENT & CONSULTATION**

- 6.1 In developing the proposal approved by the Special Housing & New Homes Committee held on 28 September 2018 and Policy, Resources & Growth Committee on 11 October 2018, extensive stakeholder engagement was undertaken. The outcomes of this stakeholder engagement were presented to Members in briefings and as part of the report pack which informed the Committee decisions on the series of recommendations and alternative options for the delivery of responsive repairs and empty property refurbishments, planned maintenance programmes and major capital projects to council housing stock following the expiry of the current contractual arrangements.
- 6.2 Details of the engagement exercises undertaken to ensure that stakeholder's views were considered in determining the preferred option for the delivery of works and services in the future are outlined below.
- 6.3 Programme officers attended the following meetings to provide an initial brief of the programme and next steps for tenant and leaseholder engagement:
- Area Panels
  - Home Service Improvement Group
  - Leaseholder Action Group – Annual General Meeting
  - Business and Value for Money Service Improvement Group

Area Panel meetings provided some initial feedback around the current contractual arrangements and raised some questions about delivery methods moving forward. Feedback was included in the March 2018 report to Housing & New Homes Committee.

- 6.4 Representatives at the Home Service Improvement Group were keen to be updated at future meetings of the progress of the programme and noted the scale of the programme.
- 6.5 The programme team presented on the programme at the Leaseholders Action Group (LAG) – Annual General Meeting in April 2018 and worked with the then newly elected LAG representatives to engage with leaseholders and collect feedback on the current arrangements.
- 6.6 The programme team then completed the following engagement activities:
  - Running four workshops for tenants and leaseholders to share their views on what works well with the current service, what doesn't and what we should change in the future.
  - Carrying out over 1,000 door to door surveys of tenants and leaseholders across the city.
  - Running an online and postal survey for tenants and leaseholders to feedback their views.

The results of the door to door surveys and the online and paper surveys were analysed independently by ARP Research and included in the final report to Committee.

- 6.7 Staff and union engagement was also undertaken. Staff received regular updates on the programme through the initial phase. The programme team presented on progress with the programme at the regular all staff meetings held for the Housing Property & Investment team. In addition, the team received email briefings alongside the development of reports and the release of any public reports on the programme.
- 6.8 Staff workshops were held as part of the engagement work undertaken on the project. These included:
  - Two workshops for Property & Investment staff and unions.
  - Workshop for other housing staff.
- 6.9 Member and committee engagement was as follows.
  - A report initiating the programme was taken to Housing & New Homes Committee (H&NHC) and Policy, Resources & Growth Committee (PR&G) in March 2018.
  - A further update report was taken to H&NHC and PR&G in June 2018.
- 6.10 There was regular engagement with members through the Members Procurement Advisory Board (PAB) with additional attendance of lead members for Housing. Officers briefed at PAB in January and March 2018 and attended with consultants to discuss the options in detail at PAB meetings in April and

June 2018. A further meeting was held with PAB members in July 2018 to review the options available and identify any which should be discounted. The options discounted and the grounds on which they were discounted were detailed in the report to Special Housing Committee. The PAB meeting also considered a supplementary report produced by consultants to answer questions raised by the board. This included details about the council's market position and risk statement. A copy of this report was also included in the papers considered at Special Housing Committee. Officers also met with PAB in September 2018 to provide information on tenant and leaseholder engagement and the site visits undertaken by the programme team.

6.11 All Members were invited to an open question session which was held on 21st August 2018. A detailed discussion took place with those in attendance covering the following areas:

- Tenants and leaseholder engagement and feedback
- The remaining timeline
- The delivery options available, costs and contract terms.

6.12 Ongoing engagement with tenants, leaseholders, and Members is detailed in the body of this report in section 4.

## **7. CONCLUSION**

7.1 This report updates committee on the key areas of progress of the programme. As the programme enters the final few months before the transfer, work is being focused on welcoming the staff transferring into the council, and ensuring that they are equipped to carry out their roles to maintain the continuity of service for residents.

## **8. FINANCIAL & OTHER IMPLICATIONS:**

### Financial Implications:

8.1 The 2019/20 HRA budget for programme management is £0.250m with a further earmarked reserve for mobilisation and set up costs of £0.982m. Current forecasts assume that £0.482m will remain in the reserve for use in 2020/21. Current HRA budget proposals for 2020/21 also include a budget of £0.393m for the continuation of this significant change programme.

8.2 The HRA budget proposals currently include a budget of £9.725m for the repairs functions including the following:

- Responsive repairs
- Estate Development Budget (EDB)
- Call Centre
- Concessionary Decorating
- Concessionary Gardening
- Electrical Test & Report
- Infestations (Pest Control)
- Mutual Exchange Surveys



- Asbestos Surveys
- Fire Safety

8.3 As a comparison, the total revenue repairs budget for 2019/20 for all of these services, uplifted for 2% inflation, would cost £8.945m. The difference is £0.830m which reflects the repairs service pressures shown in the budget report, namely, the extra £0.150m for Seniors Housing carpeting and decorating and £0.630m for the extra pension costs for staff transferring from Mears.

*Finance Officer Consulted: Monica Brooks*

*Date: 06/01/19*

Legal Implications:

- 8.4 Authority from the relevant committee is usually required prior to awarding any contract which is over £500k in value. The proposed contract with Mears will be over £500k. Following a report taken to October 2018 Policy, Resources & Growth committee, delegated authority has already been given to the Executive Director Neighbourhoods, Communities and Housing to award contracts required to implement the recommendations set out in that report. The proposed contract with Mears enables the Council to implement the recommendations at 2.1 (Customer service and quality assurance) and 2.2 (Responsive repairs and empty property refurbishments) of the original report. The proposals are also consistent with the wording set out in paragraph 3.56 of that report which sets out that in relation to mobilising an in house team and supply chain the council would need to procure contracts in order to provide systems and support for the delivery of the works by an in-house team in time for 'go-live' following the expiry of the current contractual arrangements. Therefore, no further authority from this committee is required in order to award the proposed contract to Mears.
- 8.5 However, a waiver of Contract Standing Order ('CSO')<sup>12</sup> is required prior to the council entering into the proposed contract with Mears. The Executive Director Neighbourhoods, Communities and Housing may, after consultation with the Chair of this Committee and the Procurement Strategy Manager, waive the requirements of CSO 12 in accordance with CSO 20 and approve the award of the proposed contract to Mears. Officers intend to put this waiver in place if terms can be agreed with Mears.
- 8.6 The Public Contracts Regulations 2015 apply to the procurement and award of the proposed contract. Regulation 32 permits the direct award of contracts in certain circumstances and these apply in relation to the proposed contract. Detailed legal and procurement implications will be set out in the waiver report.
- 8.7 The heads of terms for the proposed arrangements with Mears have been drafted and will be legally binding once signed. A contract (or contracts) will be drawn up to set out the arrangements in further detail.
- 8.8 Given the amount of legal work needed for the project, it has been necessary to procure external solicitors under the OPL Legal Services Framework to support the project and assist the council's in-house legal team.

*Lawyer Consulted:*

*Isabella Sidoli*

*Date: 11/12/19*

Equalities Implications:

8.9 There are no direct equalities implications arising from this update report.

Sustainability Implications:

8.10 There are no direct sustainability implications arising from this update report.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Decision record from Policy, Resources & Growth committee 11 October 2018, and Special Housing Committee on 28 September 2018.

### **Background Documents**

None

**Brighton & Hove City Council  
Policy, Resources & Growth Committee  
4:00pm 11 October 2018  
Council Chamber, Hove Town Hall**

**Options for future delivery of housing repairs, planned maintenance and capital works**

**Resolved:** That the Committee:

Customer service and quality assurance

- (i) Agreed that the customer service and quality assurance services are brought in-house and delivered by the council following the expiry of the current contractual arrangements;

Responsive repairs and empty property refurbishments

- (ii) Agreed that responsive repairs and empty property refurbishments works to council housing stock are brought in-house and delivered by the council following the expiry of the current contractual arrangements;
- (iii) Approved a 'set-up and mobilisation' budget of £0.112m for 2018/19 funded by an in-year virement transferring this budget from the capital financing costs budget in the Housing Revenue Account (HRA) and the creation of an earmarked 'set-up and mobilisation' reserve of £0.982m for use in 2019/20 funded from HRA general reserves;

Planned maintenance and improvement programmes

- (iv) Approved the procurement of at least one contract for the provision of planned maintenance and improvement programmes to council housing stock with a term of five years with the option to extend for up to a further two years;

Major capital projects

- (v) Approved the procurement of a multi-contractor framework agreement for major capital projects with a term of four years;

Specialist works

- (vi) Noted that the specialist works will continue to be delivered through individual contracts, with reports coming back to committee for authority to procure and award such contracts if required in accordance with the council's Constitution;

Delegation

(vii) Granted delegated authority to the Executive Director Neighbourhoods, Communities & Housing to:

- (1) Commence the procurements and award the contracts required to implement the recommendations;
- (2) Use the 'set-up and mobilisation' budget to create and appoint to new roles to enable these recommendations to be delivered;
- (3) Award call-off contracts under the major capital projects framework agreement
- (4) Take any other steps necessary to implement the recommendations in this report

(viii) Affirmed its intention to review whether further elements of the services and works may be brought in-house in such a way that any timescales would ensure thorough preparation and a smooth transition.

