

Subject:	Future Repairs & Maintenance to Council Housing Stock.		
Date of Meeting:	11 March 2020		
Report of:	Executive Director for Housing, Neighbourhoods and Communities		
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Ward(s) affected:	All		

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 140 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 Onboarding activities have been taking place over January and February, including the issuing of the formal measures letter to all transferring staff. This letter sets out anything which will change for staff as part of the transfer, for example transferring staff will become eligible to join the Local Government Pension Scheme (LGPS). The use of First Care to report sickness absence is a further measure which transferring staff will adopt from April.
- 4.3 Following the issuing of the measures letter, all transferring staff have had 1-2-1 meetings with the programme team and HR, to discuss the contents of the letter and any other questions they have about the transfer.
- 4.4 The set up and testing of the IT software and equipment for the service has been carried out in February, including the use of new handheld PDA (Personal Digital Assistant) devices for the operatives. The continued use of the MCM software under a contract with Mears will enable the staff transferring over to schedule jobs, purchase and collect materials, replenish van stock, and track the costs of jobs in the same way as is currently done. This will allow for a smoother transition as the service transfers into the council and minimise the impact on service levels currently received by residents.
- 4.5 The council MCM environment has been created and tested successfully. Testing has been carried out on end to end processes, from logging a repair at the helpdesk, allocating, completing and closing down the job. Sign-off acceptance has been received for the testing of the new PDAs, which have been tested in the field. Further testing is ongoing, including SMS messages, telephone systems, and the setup of user accounts on laptops.
- 4.6 The new uniforms for the operatives and supervisors have been procured through the council's Print & Sign team, who are also carrying out the rebranding of the existing fleet vehicles. Between now and April, approximately 50 vehicles

in the fleet are being replaced, as the vehicles come to the end of their lease terms.

- 4.7 Work on procuring a more sustainable fleet will begin in June 2020. A pilot will be run to ensure that any new vehicles meet the requirements of both the council's sustainability objectives and the operational needs of the service.
- 4.8 As work has progressed on setting up an external supplier for out of hours call handling, a number of issues have been raised. Primarily, moving to a new external supplier would result in a less robust lone working procedure for operatives due to a lack of integration between IT systems, along with the necessary introduction of more manual paper based processes.
- 4.9 Due to the above reasons and the opportunity to deliver the service in-house earlier, a contract with Mears to continue the out of hours call centre will operate on a short term basis whilst work is accelerated to explore the options for delivering the service in-house.

Contracts with Mears

- 4.10 In order to bring the services in-house there are some discrete products which the Council is purchasing from Mears for a limited period. The Heads of Terms for these arrangements has been agreed in principle between the council and Mears, and contracts are currently being drafted and negotiated which will cover the following areas: a works management system (MCM); processing of subcontractor orders and payments; account manager; supply of materials; and, vehicle leasing. Details of these arrangements were set out in the report to January Housing Committee.

Contracts with subcontractors

- 4.11 As part of the partnership contract with Mears, subcontractors are currently used to deliver approximately 20% of responsive repair works and 80% of empty property works, along with specialist works such as asbestos and scaffolding. Many of the subcontractors used by Mears for these works are local SMEs (small and medium sized enterprises), and these arrangements will continue from April directly with the council under new contracts. Negotiations with subcontractors is ongoing to ensure that these are in place.

Planned maintenance and major capital works

- 4.12 Planned maintenance and improvement works will be delivered by 3-7 contractors who have 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

- 4.13 The first stage of the tender process, the SQ (Selection Questionnaire) is now closed. As part of the SQ stage, bidders were asked to answer questions on delivery and programme management, quality of works, communications, and social value. They were also asked to provide case studies of previous projects. These bids have been evaluated by officers with the top scoring bids invited to tender for the ITT stage of the procurement process.
- 4.14 The invitation to tender stage (ITT) requires contractors to demonstrate how they will deliver the planned works programmes and how they will meet the council's requirements. The bids for the ITT are due in March, with evaluations following after. A contract for each lot is due to be awarded in June, with contracts commencing at the end of July.
- 4.15 The delivery plans for next years' major capital works programme are in development and a reduced level of capital projects 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 required major capital works required can be delivered on time alongside the new framework arrangements for future capital works. The framework is expected to be in place late 2020.

Stakeholder engagement

- 4.16 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.
- 4.17 The task and finish group has recently provided feedback on the key performance indicators (KPIs) for the new arrangements, as well as the ongoing resident structure which will provide monitoring and oversight to the services. Members of the task and finish group will also be evaluating the social value question for the planned works ITT bids outlined in 4.14 above.
- 4.18 The programme team has also provided recent updates at other resident interest groups, such as the Home Service Improvement Group, and Area Panels.

Key risks and issues

- 4.19 There are a number of key risks and issues being worked through as we approach the transfer, which are set out below.
- 4.20 A dispute between the GMB union and Mears regarding a pay award and the harmonisation of holiday and sick pay has led to a positive ballot for industrial action including potential strike dates and action short of a strike. No strike dates have yet been issued and council officers will work with Mears and the GMB as appropriate to resolve the dispute, which would transfer to the council following the TUPE transfer if not resolved by then.

- 4.21 There are currently some vacancies within the Mears team, in particular there are 4 vacancies in the customer call centre, 15 vacancies in the responsive repairs teams, and 2 vacancies in the planned works team. Alongside this, there is also a high amount of work in progress as we enter the final month of the current partnership contract with Mears. To help mitigate these risks a number of actions are being implemented including Mears bringing in a 'task team' of additional operatives in March to help manage the high level of work in progress. Three customer service advisors have recently been appointed by Mears, and agency workers are being lined up by the council to start from the 6 April to increase the workforce up to the required level. Agency workers are required in the short term as the council is unable to recruit to permanent posts before the transfer.
- 4.22 The go-live week of the transfer presents a number of operational risks and challenges. A balance needs to be struck between the practical onboarding activities required to mobilise the service, welcoming a large workforce into the council, and the day to day running of the service and customer satisfaction. Detailed planning is underway for the week leading up to the transfer and will include an hour by hour breakdown of the 1st April.
- 4.23 Risks and issues are being managed in a number of ways, with an executive board meeting fortnightly to provide oversight, direction, and decision making. Stand up meetings every Tuesday and Thursday are also held by the programme team to quickly discuss and unblock any issues in an agile and responsive way.

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 and leaseholders 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. Work is focussed on ensuring that as staff are transferred into the council, they have the right systems, tools and equipment set up to continue to deliver the service from day one. Key issues are being worked through and risks are being managed to maintain service continuity throughout the changes.

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. HRA budget for 2020/21 also include a one year programme management budget of £0.392m for the continuation of this significant change programme.
- 8.2 The report outlines the current proposal to employ some agency staff from 6th April to fill current vacancies as staff transfer from Mears. The costs of these staff are already included in the HRA repairs budget proposals for 2020/21 and it is anticipated that there will be minimal extra costs of using agency staff in the short term. Any costs over budget would be managed within the overall HRA Budget or from the mobilisation as set up costs reserve.

- 8.3 As mentioned in paragraph 4.10, in order to bring the revenue repairs and maintenance services in-house there are some discrete products which the Council is purchasing from Mears for a limited period. The sum that will continue to be paid to Mears is estimated as £4.2m but the majority of this sum will be paid by Mears to suppliers and sub-contractors in the form of materials purchased and works to empty properties, responsive repairs, and specialist works.
- 8.4 The HRA budget proposals to Budget Council 27th February include a budget of £9.725m for revenue repairs and maintenance as shown below:

<u>2020/21 Revenue Budget for Repairs and Maintenance</u>	£
Direct Employee Costs	4,860,000
Premises - Subcontractor supply chain	2,140,000
Supplies & Services – Materials, works management system, office costs	1,495,000
Transport - Vehicle costs (Lease costs, fuel, insurance, repairs etc.)	850,000
Support Service Charges and other Overheads	380,000
	9,725,000

This budget includes the following services:

- 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

Finance Officer Consulted: Monica Brooks

Date:27-02-20

Legal Implications:

- 8.5 Legal implications in relation to this project have already been provided in the previous reports to committees. The heads of terms for the proposed arrangements with Mears have been drafted and agreed. Contracts are now being drawn up with the assistance of external solicitors for the following: (i) MCM system, subcontractor payment processing and accounts manager; (ii) supply of materials; (iii) vehicle leasing to set out the arrangements in further detail and (iv) associated data transfer/sharing.
- 8.6 A contract with Mears is now needed for the out of hours call service. The value of this contract is below the threshold for service contracts and therefore the PCR 2015 will not apply. However, a waiver in accordance with Contract Standing Order (CSO) 20.2 will be required before the council enters into this contract.

- 8.7 Authority from the relevant committee is usually required prior to awarding any contract which is over £500k in value. Some of the proposed contracts with subcontractors 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 contracts with subcontractors enable the Council to implement the recommendations at 2.1 and 2.2 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 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 contracts with sub-contractors.
- 8.8 However, Contract Standing Orders (CSOs) will apply and waivers in accordance with CSO 20.2 and/or 20.3 will be required before the council enters into these contracts. The value of the proposed contracts with the sub-contractors will vary in value but will not exceed the threshold for works contracts and therefore The Public Contracts Regulations 2015 will not apply fully to these contracts.

Lawyer Consulted:

Isabella Sidoli

Date: 27.02.2020

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.