

Brighton & Hove City Council

Housing Committee

Agenda Item 45

Subject: Housing Repairs and Maintenance – additional contractor capacity Kitchens and Bathrooms.

Date of meeting: 16th November 2022

Report of: Executive Director Housing, Neighbourhoods & Communities

Contact Officer: Name: Grant Ritchie
Tel: 07447 008990
Email: grant.ritchie@brighton-hove.gov.uk

Ward(s) affected: All

For General Release

1. Purpose of the report and policy context

- 1.1 The Housing Revenue Account (HRA) Capital Programme forms a key part of implementing the main aims of our long-term asset management approach, which seeks to maximise investment in homes and support reductions in responsive repairs needed whilst providing safe, good quality housing.
- 1.2 The Programme supports delivery of key commitments, including to maintain 100% achievement of properties meeting the government's Decent Homes Standard and the local Brighton & Hove Standard over the medium term.
- 1.3 Our HRA capital investment budget for Kitchens & Bathrooms replacement outlined in paragraph 7.1 is key in helping to ensure our homes comply with the Decent Homes and Brighton & Hove Standard.
- 1.4 This report seeks approval for the procurement of an additional contractor to undertake works on Planned Kitchens and Bathrooms replacement in order to help increase the number of replacements delivered and contribute toward achieving our Corporate KPI of 100% of dwellings meeting the Decent Homes Standard.

2. Recommendations

- 2.1 That Housing Committee delegate authority to the Executive Director, Housing Neighbourhoods & Communities to procure and award a contract for up to two providers of works to deliver kitchens and bathrooms in council housing.

3. Context and background information

- 3.1 The focus of our investment in replacing Kitchens & Bathrooms is to ensure our homes are comfortable, safe, and modern, in line with the quality

standards agreed with residents and the requirements of the Housing Health and Safety Rating System (HHSRS).

- 3.2 Our current Brighton & Hove Property Standard was developed closely with residents in response to feedback that the Government's Decent Homes Standard was very basic and that we should aim for an improved local standard.
- 3.3 The Brighton & Hove Property Standard was implemented following detailed work with residents and partners and includes the following key aim.
 - To maintain 100% achievement of properties meeting the government's Decent Homes Standard and our local Brighton & Hove Standard over the medium term.
- 3.4 The Council holds asset information for each property on its Asset Management System (Apex) including the age and condition of the individual elements such as kitchens, bathrooms and windows. This information is used to determine if a property meets the Decent Homes Standard and to help delivery teams prioritise planned improvement works. Properties can potentially become non-decent on the 1st of January each year when the age of each asset element is updated, as reflected in the quarterly figures. The budget for Decent Homes work is set in accordance with the Council's Housing Asset Management Strategy priority of "investing in homes and neighbourhoods'. The team running our programmes will undertake detailed surveys of homes ahead of the works programme as required to agree exactly which homes meet the detailed replacement criteria.
- 3.5 September 2022 Housing Committee considered the Housing Performance Report for Quarter 1, 2022/23. Performance against our Corporate KPI on % of the council's homes that meet the Decent Homes Standard was 95.9% (11,263 of 11,745). This was against our target to ensure that all Council homes meet the Decent Homes Standard (100% decency or 0% non-decent) throughout the year.
- 3.6 Housing Committee was advised that Performance against the Decent Homes KPI has improved from 12 months previously. Delivery of planned works is now ongoing following delays due to the impact of COVID-19 restrictions. Decent Homes was specifically impacted as works such as kitchens and bathrooms replacements which are disruptive and involve multiple visits to tenanted homes over a number of days, which were not always possible to undertake during the pandemic.
- 3.7 On 11/10/2018 the Policy Resource and Growth Committee gave delegated authority to the Executive Director Neighbourhoods, Communities & Housing to procure and award a programme of planned maintenance and improvement works to tenanted housing.
- 3.8 This programme comprised the following areas:

- Lot 1: Kitchen and bathroom replacements
- Lot 2: External and internal repairs and decorations
- Lot 3: Window replacements
- Lot 4: Roof replacements
- Lot 5: Door replacements – flats and street property doors
- Lot 6: Doors – Main entrance doors - Discontinued
- Lot 7: Communal and domestic rewires

- 3.9 The relevant area for this report is Lot 1 – Kitchen and Bathroom replacements which was awarded to the successful Contractor in 2021 for a period of up to 7 years. Our intention is to continue working with this Contractor to seek to ensure they deliver in line with their contractual obligations.
- 3.10 However, in order to support this contractor and improve performance against our Decent Homes standard KPI, approval is sought to undertake a competitive procurement process deliver a second contractor to recover the backlog of kitchen and bathrooms not delivered over the last year and increase the future delivery over the next 3-5 years. Work will be allocated to each contractor based on performance and capacity. Lot 1 did not specify a particular volume of work to a contractor. With the current backlog, it is anticipated that both the existing and new contractor will be offered a consistent flow of work for the duration of their contract.
- 3.11 As part of our forthcoming update of our HRA Asset Management Strategy we propose to review the Brighton and Hove Property Standard following the completion of the Government led review of Decent Homes standards.
- 3.12 A review of this standard is now due in order to ensure that it continues to meet the needs of our residents, as well as ensure it takes fully into account our commitments to move towards zero carbon by 2030 and changes to Government standards, as currently set out in the Social Housing White Paper. It is expected that this review of standards would be completed following the publication of the Governments' final documents.
- 3.13 Increased contractor capacity will also enable us to better respond to any changes arising from the Social Housing White Paper in relation to Decent Homes standards concerning replacement of kitchens and bathrooms.

4. Analysis and consideration of alternative options

- 4.1 This contract is intended to ensure that tenanted kitchens and bathrooms are delivered within a reasonable timescale. We currently do not undertake kitchen and bathroom installations 'in house' on this scale. To set up a directly employed work stream of this kind would require a significant expansion of the team with associated costs and risks related to delivery of this specialist area of work.
- 4.2 We could decide not to appoint as recommended and continue working with the current contractor. However, this would risk limiting improvement in delivery of replacement kitchens & bathrooms which will significantly impact

tenants and impact upon our performance against our key KPI concerning the percentage of properties that meet the Decent Homes Standard.

5. Community engagement and consultation

- 5.1 We continue working closely with residents to help increase levels of resident satisfaction with the quality of their home and neighbourhood and to support proactive investment in and maintenance of the council housing stock to enable a preventative approach that allows for the ongoing reduction in the level of responsive repair needs.
- 5.2 We will be consulting with residents on our forthcoming review of the HRA Asset Management Strategy and on matters related to the new regulatory framework arising from the Social Housing White Paper.

6. Conclusion

- 6.1 In order to support completion of the required volume of work in this area of our planned programme, the recommendation of this report is to procure additional contractor resource in addition to the existing contractor, in order to increase contractor capacity and support reduction of the current backlog of work.
- 6.2 The condition of a property's kitchen or bathroom contributes to its measurement of decency. Failure to keep up with the planned program of kitchen and bathroom replacement going forward will result in a reduction in the percentage of properties meeting the Decent Homes Standard.

7. Financial implications

- 7.1 As an indication of spend and jobs raised, based on historical data over 3 financial years (between 01.04.16 and 31.03.19), circa £3.7 million has been spent by the Council on the supply and installation of kitchens which amount to over 1,280 jobs raised over this period of time.
- 7.2 Based on historical data over 3 financial years (between 01.04.16 and 31.03.19) circa £0.670 million has been spent by the Council on the supply and installation of bathrooms which amount to approximately 346 jobs raised over this period of time.
- 7.3 Based on historical data over 3 financial years (between 01.04.16 and 31.03.19) circa £0.670 million has been spent by the Council on the supply and installation of bathrooms which amount to approximately 346 jobs raised over this period of time.
- 7.4 This is representative of a financial year spend of around £1.45 million, the current contractor will continue to deliver a portion of this expenditure. Based on their current performance this may be as much as 50%.
- 7.5 The incoming contractor after mobilising will be expected to bring the total number of completed kitchens and bathrooms to the planned 6 kitchens and

1 bathroom replacement per week respectively. This equates to £0.73 Million per annum, the estimates contract value over 3 years with a 20% allowance for inflation at £2.61 Million. Within the term a further 2 extension periods of up to 1 years will be allowed for. Making the total contract value £4.35 Million excluding VAT and the total published contract value with VAT £5.22 Million.

- 7.6 The further extension periods will also allow alignment with the end date for both the current contract and the contract with the incoming supplier. The re-procurement of the service can then factor in the performance of both contracts and make consideration for future contracts with multiple contractors.
- 7.7 The HRA budgetary provision allows for this level of expenditure, subject to future budget setting.

Name of finance officer consulted: Michael Bentley
Date consulted 01/11/22

8. Legal implications

- 8.1 In accordance with Part 4 of the Council's constitution, the Housing Committee is the appropriate decision-making body in respect of the recommendations set out in paragraph 2 above. To comply with CSO 3.1, contracts in excess of £500,000 must be approved by the relevant committee.
- 8.2 As set out in the procurement implications below, this is a below threshold procurement and the council's Contract Standing Orders must be complied with. This includes CSO 9.7 to ensure that the procedure is appropriate and proportionate to the value of the contract so that the Council achieves best value.
- 8.3 CSO 12 provides that in the absence of an approved Framework Agreement, at least five tenders must be sought.
- 8.4 To comply with CSO 14.7, contracts in excess of £250,000 must be in a form approved by the Head of Law and shall be given under the Common Seal of the council.

Name of lawyer consulted: Wendy McRae-Smith Date consulted
7/11/22.

9. Equalities implications

- 9.1 The tender documents will include questions that ensure the bidders address all equalities considerations, both as a business and through evaluation of how they will engage with residents to ensure they give consideration to the diversity of the city's population.

9.2 Contractors will be expected to carry out their works in line with the Council's Fair & Inclusive action plan.

10. Sustainability implications

10.1 Bidders proposals will be evaluated for the sustainable practice and delivery which will be weighted at a minimum of 10% of the quality evaluation.

11. Other Implications

Social Value and procurement implications

11.1 The total value of this contract is estimated at £4,350,000.00 which is below the Public contract regulations 2015 threshold for works of £5,336,937.00 and is therefore subject to the Brighton and Hove City council Contract Standing Orders.

11.2 The value of this contract is over £25,000.00 and will be published to contracts finder in accordance with Procurement Policy note 09/21.

11.3 Bidders will be asked to submit a Social Value proposal against the relevant criteria from the Social Value framework which will be evaluated at a minimum of 10% of the quality criteria.

11.4 A report on Repairs and Maintenance – Kitchens and Bathrooms was considered at Procurement Advisory Board on 17th October 2022. Procurement Advisory Board recommended to Housing Committee, the procurement and award of a single provider contract for the provision of works to deliver kitchens and bathrooms in tenanted housing.

11.5 The procurement process in accordance with the Contract Standing Orders for contracts over £75,000.00 will be an invite only single stage tender. A minimum of 5 suppliers will be invited to tender for the work. These will be selected from a list of known suppliers that deliver this specialism. We will also consider inclusion of suppliers who bid for the original framework position that the current contractor was awarded. These are however largely national organisations who would likely engage more local suppliers to act as sub-contractors to deliver the works.