
REPORT FOR: CABINET

Date of Meeting:	20 January 2016
Subject:	Award of Housing Responsive Repairs Contracts from July 2016
Key Decision:	Yes
Responsible Officer:	Lynne Pennington, Divisional Director of Housing Services
Portfolio Holder:	Councillor Glen Hearnden, Portfolio Holder for Housing
Exempt:	No, except for Appendix 1 which is exempt under paragraph 3 of Schedule 12 A of the Local Government Act 1972 (as amended) as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Appendix 1 - Tender evaluation assessment (Exempt – Part II)

Section 1 – Summary and Recommendations

This report gives details of the tender evaluation and seeks approval to appoint the recommended contractors for delivery of the Housing Responsive Repairs Contracts from July 2016 to June 2021, with an option to extend for up to 5 years

Recommendations:

Cabinet is requested to:

Give authority to the Divisional Director of Housing Services for award of contracts to the contractors named in paragraph 2.9.

Reason: (For recommendations)

The service has been retendered in compliance with EU Procurement Regulations. Previous approval was given by Cabinet to go to the market for a longer term contract for Housing Responsive Repairs & Maintenance.

Section 2 – Report

Introductory paragraph

Existing contractual arrangements for the delivery of responsive repairs to tenants and leaseholders of the Council's housing stock expire on 30th June 2016. There is no option to extend existing contracts, so to enable us to continue to meet our statutory obligations to maintain our stock we need to award new contracts to be effective from 1st July 2016.

Options considered

The option of extending the existing framework contracts was considered, but discounted because public procurement rules do not allow an extension and therefore there would be a risk of challenge from the market. A robust procurement exercise was therefore the appropriate course of action.

1.0 Background

- 1.1 In 2012 the Council changed the way it delivered responsive repairs services to the housing stock by moving away from using a single contractor that provided both responsive repairs and major works on the capital programme. 4 year contracts were let, in 3 separate lots that divided the borough in to 3 geographical areas to deliver responsive repairs. Slade were awarded the contract for the Central area and Wates (formerly known as Linbrook) were awarded the contract for the East and West areas. The contracts expire in June 2016.
- 1.2 The existing contracts have delivered much improved services and the involvement of residents (both tenants and leaseholders) in working alongside officers monitoring performance and challenging anything that has not gone so well, has enabled a successful 3 way partnership to develop- between the Council as client, residents and contractors. This partnership has made a significant contribution to the achievements over the last 4 years and so the contract specification made it abundantly clear that a genuine commitment to working in true partnership would be important to the Council.

- 1.3 A panel of 8 residents has been fully involved in every stage of the procurement process, from the design of the specification through to evaluation of tenders and this has ensured that customers' needs and aspirations were at the heart of all decisions made.
- 1.4 In May 2015 Cabinet gave authority to officers to go to the market to procure contracts for 5 years, with an option to extend for up to a further 5 years. The current approach of dividing the borough geographically into 3 lots has been retained and to ensure we keep an element of competitiveness and security the aim was to award either 2 or 3 contracts, with each contractor who tendered having the ability to bid for up to two lots. The procurement process has been completed and Cabinet are now asked for authority to award the contracts.

2.0 Procurement Process

- 2.1 The Council tendered using the 2-stage Competitive Procedure with negotiation i.e. a pre-qualification stage followed by an invitation to tender stage for those short listed bidders who pre-qualified and with the option to negotiate if required before award of contract. There was no requirement to use negotiation as the original tenders submitted by the preferred bidders was satisfactory and did not raise any concerns.
- 2.2 A total of 20 contractors submitted a Pre- Qualification Questionnaire. These submissions were evaluated with a focus on experience of operating similar contracts, particularly in working in occupied premises, technical ability and commitment to high levels of customer service and the need to recognise and work to meet residents' individual needs. The process also measured contractors experience in recent contracts of using innovation in service delivery and delivering added social value.
- 2.3 Eight contractors were invited to tender, six of these submitted a tender.
- 2.4 The tenders were evaluated by a panel of officers and residents who had been trained in the process. Again there was a high focus on customer care and residents in particular wanted to see that tenderers had a commitment both to treating residents as individuals and working proactively with residents groups to ensure services of excellent quality could be delivered. Technical competency on a wide range of critical factors of this type of service was assessed. In addition because of the potential long term nature of the contracts the Council were expecting good examples of how value for money, social value and innovation would be delivered, in partnership with the client and residents.
- 2.5 In addition to written tender submissions each contractor was invited to make a presentation to a panel of residents and officers. The topics for the presentation concentrated on how they would ensure

performance targets could be met from day 1 of the contract and the innovation they would look to introduce during the life of the contract.

- 2.6 The evaluation criteria were based on 70% quality/technical assessment and a 30% price/commercial assessment. As part of the Quality/Technical assessment a threshold score of 38% out of the available 70% was set and suppliers who did not meet this threshold score were not carried forward for price/commercial evaluation. Three of the suppliers were eliminated at this stage as they did not pass the quality/technical threshold.
- 2.7 The remaining three suppliers were taken through to the commercial assessment. The commercial element was assessed using the National Housing Federation (NHF) Schedule of Rates and Composite rates Harrow have established.
- 2.8 It is anticipated that initially the majority of the work undertaken will be invoiced using the NHF rates however by developing more composite rates, the Council has the option of utilising more efficient rates, and reducing administration so these will increase over time. For the evaluation exercise composite rates volumes were estimated so this exercise is not necessarily indicative of the estimated contract price.
- 2.9 On completion of the tender process the M.E.A.T (most economically advantageous tender) the preferred bidders are Wates for Lot 1 and 2 and Slade for Lot 3. These are our existing contractors and the recommendation is that they are awarded the same lots as they currently have.

3.0 Performance Issues

- 3.1 There have been some very significant performance improvements since the award of the existing service and it is critical that the new contractors further improve on the measures that were detailed in the specification.
- 3.2 With a number of key performance indicators currently in upper quartile the specification made it clear that the Council wants to achieve even more and were looking for both improved performance and innovation during the life of the contract. Whilst setting targets for some key performance indicators, others were to be developed with the successful contractors post contract award, ideally during mobilisation. The table below gives an indication of the high performance targets contractors will be expected to meet.

Measure	Target 16/17
Repairs	
No of Repairs completed in Target Time -across all priorities	>98.5 %
% of completed customer satisfaction surveys carried out	>99.5 %
% of respondents satisfied with repairs and maintenance	>99 %
% of repairs completed at first visit	>97 %
% of appointments kept	100%
Voids	
Number of void properties returned within void lettable standard	100%
Key to key turnaround times	<10 days
Planned Preventative Maintenance	
Number of PPM programmes meeting quality standards	100%

3.3 These areas were thoroughly tested during the evaluation process and the preferred bidders demonstrated both an understanding of how challenging these targets would be and a clear indication of what quality assurance measures they already had in place and what additional steps they would need to take, in the 3 way partnership approach to ensure they were delivered.

3.4 As mentioned above achieving Value for Money is important too but as this is essentially a demand led service it is difficult to put an actual figure on savings that will be achieved at this stage. The existing contracts have demonstrated a significant decrease in average repairs cost over previous arrangements and as we enter mobilisation targets will be set to reduce this further. Increasing first time fixes will contribute to reducing costs and further savings will be achieved by increasing the ratio between planned preventive maintenance and responsive repairs, as more works can be completed on a programme. We have included some new areas in this contract specification that were previously part of separate contract arrangements such as water hygiene, aerials & CCTV and door entry systems. These changes will also generate efficiency savings.

3.5 In addition to the performance levels that were specified in the tender documents both contractors included some innovative ideas to both improve services and achieve better value for money during the life of the contract. Some of the ideas will impact on other contractors and teams-so we need to be sure we can bring forward ideas together, and that residents are fully involved with prioritising ideas and developing plans for implementation so they can be consistent across the Borough. We will begin discussions on how best to achieve this during mobilisation but a summary of key ideas is provided below:

- Extension of Handy person service (this needs further work to both dovetail with existing scheme and ensure consistency across the lots)

- Moving to “price per property” financial model. This has the potential to both reduce costs by streamlining administration of invoicing and minimise the unpredictable nature of responsive budgets (potential to develop by April 17)
- Developing Property MOT’s-alongside planned preventative maintenance programme so that more can be fixed before it breaks, and more works can be programmed, reducing costs.
- 16 hours given for each member of staff for volunteering on community projects, supporting vulnerable residents etc.
- Working in partnership to help tackle ASB through estate improvements and increased security
- Taking all customer calls direct to both reduce costs and improve initial repairs diagnosis
- Developing smart home solutions and investing to make best use of new technology-e.g. remote monitoring door entry systems, damp sensors etc.
- Tenant education and workshops on variety of topics
- Reducing energy usage by moving to LED lighting wherever practical

4.0 Environmental & Social Value Implications

- 4.1 It is important that the delivery of this contract adequately contributes to the Council’s objectives around social, economic and environmental sustainability. Contractors were assessed on how they will support Harrow’s economy by buying locally wherever practical and maximise opportunities for local people in employment and training.
- 4.2 The preferred bidders were particularly strong in this area as can be seen from the evaluation report at appendix 1. However key points of interest are:
- Both contractors have an impressive history both with offering a range of apprentices (i.e. not just in trades but in office based disciplines too), work placements and other training opportunities for local people and in seeing those people progress within the organisation once their training is complete. They can also demonstrate a commitment to local employment with a high percentage of their workforce living in Harrow. A continuation of what has been delivered to date plus an increase in apprentices to reflect the longer term contract being awarded has been promised.
 - Both contractors have successfully developed a supply chain that makes best use of opportunities for Harrow businesses to work with them and have been able to demonstrate an impressive percentage spend with local companies, including SME’s, that will continue with new contracts. However both contractors have given commitment to

go further by working together, and with other contractors working within Housing to introduce more innovation through supply chain forums and partnership working.

- Environmental performance in such areas as reduction of waste, reducing energy costs and reuse of products and materials was also a requirement in the specification. A number of innovative ideas have been promised within the tender submissions that the Council will work with contractors to develop during mobilisation. These include a cooking oil recycling scheme, investing in new technology to reduce energy usage, educating residents to help reduce fuel poverty, and the introduction of ECO friendly vehicles.
- Both contractors have a great track record of delivering additional social value in terms of giving something back to the community through supporting Harrow residents and community groups with services and equipment at no or reduced cost. This has included the upgrade of communal facilities in community halls & sheltered housing as well as sponsoring local events. Both of these will continue with new contracts and additional promises include 16 hours to be offered by each member of staff for community projects, annual community days, coffee mornings with repair and/or DIY surgeries and working with residents groups to identify more initiatives over the life of the contract.
- Specific commitments from Wates which cover both lots over a 5 year period include: 15 apprenticeships, 20 work placements, 20 local school visits, 50 tenant training workshops (i.e. DIY, IT support, going green etc), 30 school engagement programme (provide curriculum support through talks including maths in construction etc).
- Specific commitments from Slade over a 5 year period include: spend with local suppliers (£3.75m over 5 years), 10 community based training events, 3 additional jobs created, vacancies offered to unemployed people in the borough and 10 support for Young Harrow events.

5.0 Risk Management Implications

5.1 Risk included on Directorate risk register? Yes

5.2 Separate risk register in place? No

5.3 The first key risk is the inability to deliver the repairs service, to current high standards within budget. Both contractors have demonstrated their understanding of and commitment to delivering the challenging performance targets and have clearly set out how they will achieve this. All of these targets are important but in terms of risk if the target of completing 97% of repairs at the first visit is achieved it will have a positive impact on costs and better meet customers' expectations.

- 5.4 The second key risk is that the contractor will fail to meet the Council's needs in one or more areas of the contract, particularly in times of high demand such as bad weather, or a high concentration of voids in one geographical area at the same time. This risk is minimized by splitting the Borough in to 3 lots and retaining the ability for contractors to support each other by pooling resources if need be.
- 5.5 A number of Value For Money initiatives have been offered by both contractors, that we will need to develop through the 3 way partnership to ensure consistency across the Borough, and these will help to ensure that risks are minimized.

6.0 Consultation

- 6.1 In addition to involving a residents panel in the procurement exercise we have a statutory duty to consult with 1200 leaseholders and recognized Tenant and Resident Associations (TRA'S) and have due regard for their observations before entering in to a long term qualifying agreement. This is primarily because leaseholders will be recharged for repairs to communal areas and to the exterior of their homes undertaken by the successful contractors.
- 6.2 The consultation started on 16th November and leaseholders and TRA's were required to submit any observations by 18th December 2015. A total of 14 observations have been received, which we have carefully considered. However these are mainly seeking clarification in terms of what the new contracts will mean to individuals and how they will be charged. There is nothing arising from the observations that has any implications that impact on the recommendations in this report.

7.0 Legal Implications

- 7.1 The procurement was fully compliant with the Public Contracts Regulations 2015 and complied with the Councils Contract Procedure Rules
- 7.2 The Council also has a statutory duty to consult with leaseholders on the procurement exercise. This has been completed (see 6.0).
- 7.3 The council has statutory obligations as landlord to maintain its housing stock and the procurement of these contracts will enable it to meet that statutory duty.
- 7.4 There are no TUPE implications for staff employed by the existing contractors as Cabinet are asked to approve the Contract award to the existing contractors.

8.0 Financial Implications

- 8.1 The estimated cost of the contract, across the 3 lots is between £4.725 million and £6.0 million per annum. This cost is based on the historic expenditure in each element of the works that must be undertaken plus an additional element for works that may be required at different stages of the life of the contract.
- 8.2 Funds are set aside in the HRA business plan for the delivery of the responsive repairs service over the next 30 years, and the elements of the contract chargeable to the HRA can be met from within the provision made in the business plan. The contract will be predominantly funded from the HRA, although there is an option for contractors to also provide a service to private sector homes as part of a commercialisation project.
- 8.3 The existing contracts have delivered well on social value and there is a clear commitment for this to continue and improve throughout the life of the new contracts.
- 8.4 Although there is a requirement for further work to be done during the mobilisation period to explore the innovative ideas contractors included in their tender submissions there is the potential to significantly reduce costs through these ideas post contract award.

9.0 Equalities implications / Public Sector Equality Duty

- 9.1 The procurement exercise was designed to deliver existing policies and strategies maintaining the current level of equality in service provision. The contract specification was very clear on the equalities related duties the contractors' will have, given the diversity and wide range of needs of our customers. Tenderers were assessed on a number of equalities issues during the evaluation process and the preferred bidders were particularly strong on these areas.
- 9.2 An initial Equality Impact Assessment was prepared specifically for the procurement exercise. This identified no need for a full assessment because it did not identify any potential for unlawful conduct or disproportionate impact and all opportunities to advance equality to all tenants and leaseholders are being addressed through the contract specification. The assessment will be updated as the project moves forward.

10.0 Council Priorities

- 10.1 The Council's vision:

Working Together to Make a Difference for Harrow

This report incorporates the administration's priorities to:

- Making a difference for the most vulnerable
- Making a difference for communities
- Making a difference for local businesses
- Making a difference to families

10.2 The responsive repairs service is provided to all the Council's tenants and leaseholders –many of whom are vulnerable. The tender evaluation process included tests to ensure that the successful contractors are equipped to provide a high level of customer service to all our residents.

10.3 Both contractors submissions were strong on investing in Harrow but in addition Slade are a family orientated SME, based in Harrow with a high proportion of local staff and a demonstrable commitment to working with local businesses. There was a clear commitment from both contractors to develop the local supply chain further and to help local businesses to meet the requirements to be part of their supply chain.

Section 3 - Statutory Officer Clearance

Name: Dave Roberts	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 4 January 2016		
Name: Stephen Dorrian	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 6 January 2016		

Ward Councillors notified:	NO, as it impacts on all Wards
EqIA carried out:	No, but an initial Equality Impact Assessment was carried out (see above)
EqIA cleared by:	

Section 4 - Contact Details and Background Papers

Contact: Maggie Challoner
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Background Papers:
None.

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE

[Call-in applies]