
REPORT FOR: CABINET

Date of Meeting:	16 th February 2017
Subject:	Home Improvement Agency-Permission to Procure Contractor Framework
Key Decision:	Yes
Responsible Officer:	Lynne Pennington, Divisional Director of Housing
Portfolio Holder:	Councillor Glen Hearnden, Portfolio Holder for Housing and Employment Councillor Adam Swersky, Portfolio Holder for Finance and Commercialisation
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All Wards
Enclosures:	Appendix 1 - Procurement Gateway 1

Section 1 – Summary and Recommendations

This report asks Cabinet for authority to procure two framework agreements for contractors, the first to deliver adaptations for disabled people across all tenures, the second to undertake repairs to existing adaptations and provide the Handyperson service. We are also seeking delegated authority to award contracts following the outcome of the procurement process.

Recommendations:

Cabinet is requested to:

1. Give authority to officers to undertake a procurement process to establish two contractor frameworks to deliver and maintain adaptations for disabled people, and provide the Handyperson service. The annual value of both frameworks will be £3,000,000, total of £12,000,000 if option to extend to 4 years taken up.
2. Delegate authority to award and to appoint contractors to the framework and to call-off and arrange the execution of contracts with the successful tenderers to the Corporate Director of Community, in consultation with the Portfolio Holders for Housing and Employment, and Finance and Commercialisation.

Reason: (For recommendations) Due to the estimated value of the potential call-off contracts under the framework agreements we require Cabinet authorisation to comply with the Council's Contract Procedure Rules and Financial Regulations

Section 2 – Report

1.0 Introductory paragraph

- 1.1 In April 2014 Cabinet agreed the appointment of contractors to the framework to deliver adaptations for disabled residents across all tenures and provide the Handyperson service for 3 years with an option to extend up to one further year.
- 1.2 The arrangement has worked well overall and contractors have completed mini tendering exercises for individual adaptations as they have arisen. This has allowed contractors to concentrate on the type of adaptations they are specifically qualified to do and has also enabled us to ensure the adaptation can be delivered promptly by spreading the workload between a number of specialist contractors. However, this approach is time consuming and can delay individual projects.
- 1.3 Since 2014 the service has also taken on the maintenance of existing adaptations in the Council stock and the Handyperson service (previously only operated as a free service to vulnerable people meeting strict criteria) is expanding to also offer a chargeable service to anyone who requests it and assist with avoiding delays in hospital discharge by supporting vulnerable residents when they return home.
- 1.4 Re-procuring new framework agreements will ensure we comply with public procurement regulations and test that we continue to receive value for money for these contracts, whilst ensuring that the Council continues to meet its statutory responsibilities under Disabled Facilities Grant (DFG) and Better Care Fund legislation.

1.5 Instead of completing mini tendering exercises for individual adaptations as they arise for the new frameworks we propose to offer each project to contractors on a rotation basis, to share the workload evenly. Only where a contractor is unable to meet either the specific requirements or timescale required for a project will the work be offered to the next contractor on the framework.

2. Options considered

2.1 One option considered was to review the possibility of utilising other public sector frameworks. There are a number of Local Authority frameworks in place for adaptations; however, these are restricted to that particular Local Authority and not available to other public bodies. There are some adaptations frameworks available from purchasing consortiums (YPO), however, these are mainly material specific (i.e. specialist lifts, hoists etc) and not covering the works element required.

2.2 Therefore, there is no alternative but to carry out a full tendering process for disabled adaptation services to comply with public The Public Contracts Regulations 2015.

2.3 Officers have considered a number of procurement routes.

2.4 One of the options was to set up a DPS (dynamic purchasing system). However, using a DPS requires constant running of mini competitions to call off new work orders as they are needed. Apart from being labour intensive, this creates a time delay in carrying out required adaptations and would be detrimental to prompt delivery of service to users. Therefore this option is not recommended.

2.5 Officers considered appointing a single contractor to undertake all adaptations, with another single contractor to undertake repairs to existing adaptations and deliver the Handyperson service. However, this is not recommended due to:

- The need for flexibility in delivery over the life of the contract
- The wide range of works required
- The vulnerability of the client group
- The customer's right to exercise choice in who undertakes the work under DFG legislation
- The need to be able to deliver all schemes promptly, but some urgently-when it is often difficult for a contractor to plan workload due to fluctuating demand
- The need for contractors who have scored well on the people issues in the tendering process to be able to deliver schemes themselves, rather than rely on sub- contractors as this will ensure customers specific needs are fully considered during the works

- A single contractor was the arrangement prior to 2012 and this caused considerable delays in delivering urgent adaptations in periods of high demand. In addition the costs were significantly higher than under the current arrangements
- 2.6 Officers considered the option of setting up a Harrow Disabled Adaptations Framework that would attract the local and SME suppliers. Working with SME suppliers would allow for the service area to be agile in its response to increase demands.
- 2.7 The first lot would be a framework of up to 20 contractors to provide adaptations both to Council properties (funded by the HRA) and to other homes through DFG. The appointment of a number of specialist contractors to a framework will ensure we have the ability to deliver a consistently high quality service to some of Harrow's most vulnerable residents, that takes their specific needs fully in to account and minimises delay at all times.
- 2.8 The second lot would be for up to 4 contractors to deliver the Handyperson service and the repairs to existing adaptations. Again demand fluctuates with these elements of the service and customers' needs are frequently urgent. The framework will help to ensure we have the capacity to respond promptly to all requests.
- 2.9 The recommended option is to procure a framework under 2 lots that will offer prompt delivery with a good level of service. The lots will be split as follows:
- Major adaptations (up to 20 suppliers on the framework)
 - Handyperson service and minor adaptations (up to 4 suppliers on the framework)

3.0 Background

- 3.1 The Home Improvement Agency (HIA) in Harrow delivers advice, support, information, advocacy and practical help with designing and delivering repairs, adaptations and small jobs around the home to around 800 vulnerable, older or disabled people every year. Services are both cost-saving and preventive, aimed at prolonging older and disabled people's mobility, well-being, home safety, warmth and independence at home and preventing untimely or unnecessary admission to hospital or care.
- 3.2 Adaptations vary considerably –both in terms of scale and specialism. The service is demand led, and most cases require an Occupational Therapist assessment before a suitable adaptation can be designed. Referral rates vary from month to month. The practical help delivered can range from relatively small jobs such as installing a ramp to building an extension to house living facilities for the disabled person. All referrals need a prompt response, as the applicant will need the adaptation to assist with daily living, but some are particularly urgent

because the customer is at risk, awaiting discharge from hospital and/or the Council is incurring high costs providing care etc. that can be reduced or eliminated once the adaptation is completed.

- 3.3 Repairs to any existing adaptations in Council owned properties are also required promptly to ensure the disabled person is not at risk in terms of ill health, trips and falls. There is a need for particular sensitivity in undertaking works in the home of a vulnerable person.
- 3.4 The Handyperson service provides much needed support that can help residents retain their health and independence, and is often linked to the wider work of the HIA in fast track hospital discharge and undertaking repairs in the homes of vulnerable people to enable them to remain safe in their homes.
- 3.5 It is the intention to procure in 2 lots. The first lot would be a framework of up to 20 contractors to provide adaptations both to Council properties (funded by the HRA) and to other homes through DFG. The appointment of a number of specialist contractors to a framework will ensure we have the ability to deliver a consistently high quality service to some of Harrow's most vulnerable residents, that takes their specific needs fully in to account and minimises delay at all times.
- 3.6 The second lot would be for up to 4 contractors to deliver the Handyperson service and the repairs to existing adaptations. Again demand fluctuates with these elements of the service and customers' needs are frequently urgent. The service is also expanding to provide a commercial arm so the framework will help to ensure we have the capacity to respond promptly to all requests.
- 3.7 In addition to the reasons given above we know that nationally DFG funding will increase each year until 2020. Whilst it is not yet clear the proportion of the increased grant Harrow will see it is possible grant funding (currently £1.5 million p.a.) could double. We know that the reason for increasing the grant is to expand the Council's statutory duty to do more to contribute to the prevention agenda in partnership with Health. Harrow's service is working towards this and a number of new initiatives are in the pipeline. However with these anticipated changes we need to ensure our framework of contractors are able to provide the flexibility needed to develop new aspects of the service currently provided with no adverse impact on existing services.

4.0 Performance Issues

- 4.1 The new contractors will be managed effectively from mobilisation through each individual project, by the surveyors within the HIA. Performance statistics will be reviewed on a monthly basis and monitored. Effective and regular communication between the contractor and the Council whilst works are underway will ensure adaptations progress well and that the needs of the disabled person and members of the household are at the heart of all decisions.

5.0 Environmental Implications

- 5.1 It is the intention of the Asset Management Team that the delivery of all contracts will contribute to the Council's objectives around social, economic and environmental sustainability. We aim to do all we can to ensure that we support Harrow's economy by buying locally wherever practical and maximise opportunities for local people in employment and training. The contract specification will ensure that tenders provide detailed information about their contribution to the environment and sustainability and by looking for a framework of contractors we hope to procure small, local contractors who will be better placed to employ a local workforce.

6.0 Risk Management Implications

- 6.1 The delivery of the adaptations service is not a specific risk on the departmental risk register. There is also no separate risk register in place for either the procurement exercise or the on-going delivery of the service –although one will be developed as the project progresses.
- 6.2 In addition risks are identified, and monitored for each individual project undertaken within the service.

7.0 Legal Implications

- 7.1 The Council has a statutory duty to undertake adaptations to the homes of disabled people.
- 7.2 Under Regulation 33 of The Public Contracts Regulations 2015 the Council can set up framework agreements for up to 4 years and must operate the framework agreement in accordance with Regulation 33.
- 7.3 Contracts can be called off from the framework directly or by mini-competition and the framework rules need to make the intended call-off process clear.
- 7.4 The council must comply with the social care legislation referred to in the main body of the report. The Framework Agreements and call off contract documentation will be approved by Legal Services.
- 7.5 The Council cannot charge for statutory services that it is obliged to provide. The specific power to charge introduced in section 93 of the Local Government Act 2003 gives the Council the power to charge for discretionary services. The section 93 charging power states that the Council can charge for a discretionary service if the recipient of the service has agreed to its provision.
- 7.6 Section 93 cannot be used to generate a profit. The section 93 charging power allows the Council to recover the costs of providing services and the Council is under a general duty to secure that, from

one financial year to the next, the income from charges for services does not exceed the costs of provision (section 93(3), LGA 2003). The Council must offset any surplus or deficit in income as a result of any over or under recovery of charges when setting future charges for the discretionary service. This ensures that over time the income generated by the discretionary service equates to the cost of providing the service

- 7.7 Any wider commercial trading must be undertaken through a company under section 95 of the LGA 2003 and the 2009 Trading Order England (Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009 (SI 2009/2393)

8.0 Financial Implications

- 8.1 The Council had a budget of £1,590,000 for Disabled Facilities Grant in 16/17, which is made up from £1,180,502 Grant funding and £409,498 contribution from the general fund. Every indication is that at least this level of grant funding will be received each year until 2020/21 and may increase.

- 8.2 Funds are set aside in the HRA business plan for the delivery of adaptations to the Council's housing stock and repairs to these adaptations. The Handyperson is funded from a variety of sources with a small general fund budget and HRA funding for tenants of sheltered housing. Other customers pay for the service on an hourly rate or through quotations provided for larger jobs.

- 8.3 The total contract value across both frameworks of £3,000,000 per annum is deliberately set higher than the existing budget provision to allow for the possibility of increased DFG grant funding during the life of the contract and the expansion of the Handyperson service.

9.0 Equalities implications / Public Sector Equality Duty

- 9.1 The procurement exercise is designed to deliver existing policies and strategies maintaining the current level of equality in service provision. The contract specification will be very clear on the equalities related duties on contractors, given the wide range of needs of our customers.

- 9.2 An initial Equality Impact Assessment has been prepared for the delivery of the Home Improvement Agency. This identified no need for a full assessment at this stage because it did not identify any potential for unlawful conduct or disproportionate impact. All opportunities to address diversity and the individual needs of applicants be addressed through the contract specification and ensure residents receive the same service regardless of, but taking into account specific needs. We will address these in our tendering documents and processes. 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 Adaptations to the homes of disabled people, whether Council tenants or other residents provide opportunities to retain independence to many vulnerable residents.

10.3 Specifications for all contracts will ensure that the successful contractor is equipped to provide a high level of customer service to all our residents. In addition every effort will be made to ensure that local businesses are encouraged to submit tenders and that added social value to support communities will be a part of the evaluation process.

Section 3 - Statutory Officer Clearance

Name: Dave Roberts	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 27 January 2017		
Name: Stephen Dorrian	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 27 January 2017		

Ward Councillors notified:	NO, as it impacts on all Wards
EqIA carried out:	YES-initial EQIA only
EqIA cleared by:	N/A

Section 4 - Contact Details and Background Papers

Contact:

Maggie Challoner,
Head of Asset Management
0208 424 1473
Maggie.Challoner@harrow.gov.uk

Background Papers: None

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

NOT APPLICABLE

[Call-in applies]

Procurement Gateway One - Authority to Procure

Project Details

Name of Procurement		Framework of Contractors for the Home Improvement Agency
New Procurement or Renewal		New
Sponsor	Name	Lynne Pennington
	Job title	Director of Housing
	Team	Housing
	Directorate	Community Directorate
Project Manager name and number		Mick Sheehy ext. 6011
Annual value of proposed contract		£3,000,000
Aggregate value of proposed contract (Including any extension options)		£12,000,000
Proposed contract term (including any extension options)		3 years with an option to extend for up to 1 year
Governance:		
Has an EQIA been completed?		Yes (forms part of the Home Improvement Agency EQIA)
Name of procurement officer [on behalf of the Director for Procurement] clearing the report:		Name: Breda Hillman – 2/12/16
Cleared by Finance Business Partner		<i>Name:</i> Dave Roberts
Cleared by Legal		<i>Name:</i> Stephen Dorrian
Cleared by DPB		<i>Date of Meeting where Cleared: circulated for virtual clearance as no meeting in diary</i>
All officers involved in the procurement of a service must complete a confidentiality and declaration of interest form at the outset of the commissioning / procurement project.		<i>I Declare that this has been done and all completed forms are lodged with the procurement team.</i>
		Yes

1.0 Objectives

The objective for the procurement exercise is to ensure that a framework of up to 20 specialist contractors is in place to enable the Home Improvement Agency, within the Housing Department to meet our statutory responsibilities under Disabled Facilities Grant and Better Care Fund legislation to deliver adaptations to the homes of disabled people. It is important that arrangements are in place to meet the needs of disabled people promptly to prevent risk of trips, falls and ill health and where applicable reduce expenditure on both Council and Health budgets.

A second framework, of up to 4 contractors will be procured to deliver the Handyperson service, which provides support to some of the most vulnerable residents in Harrow and to repair existing adaptations in the Council housing stock. The handyperson service is not particularly attractive as a stand- alone package, because the nature of the work is numerous small tasks that are expensive to deliver because of travelling time between jobs, but by combining it with the repairs work we believe there will be an increased interest which in turn will lead to better competition.

Re-procuring new framework agreements will ensure we comply with public procurement regulations and test that we continue to receive value for money for the individual contracts we let for each adaptation. It is equally important that the frameworks enable us to deliver a wide range of additional services that take into account a holistic approach to meet individual needs. Delivering these services will help ensure customers continue to live in a safe environment, including undertaking repairs to existing adaptations and provision of the Handyman service, whilst ensuring that the Council continues to meet our statutory responsibilities under Disabled Facilities Grant and Better Care Fund legislation.

2.0 Savings & Essential Spending

The 2016/17 budget for Disabled Facilities Grant is £1,590,000. The budget for adaptations to the Council stock is £650,000 pa, and approx. £150,000 is spent on repairs to existing adaptations in these properties. The Council has a statutory duty to provide adaptations to disabled residents.

The Handyman provides a much needed service to vulnerable people across all tenures by assisting with the prevention agenda and contributing to maintaining independence and allowing people to live safely in their own homes. Historically this was a free service to people who met strict criteria, and was funded from the General Fund. The budget of £50k in 2015/16 was reduced by £15k in 2016/17 and will reduce by a further £25k in 2017/18.

To protect the free service from budget reductions a commercial arm of the service was launched with the aim of generating enough income to make up the shortfall in budget. In addition the same contractor provides a service to sheltered housing tenants funded by the HRA and we are developing the service to assist in providing support to residents being discharged from hospital and to prevent re-admission to hospital and/or residential care, which will be funded by Disabled Facilities Grant.

DFG legislation prohibits spending grant on Council staff salaries but professional fees are earned at 20% on all adaptations undertaken which brings an income to the Council, that contributes to the salary costs. Harrow's allocation of DFG was increased by £530,502 in 16/17 and is being used to both improve services, in particular in reducing the backlog of cases awaiting assessment and facilitating hospital discharge. New initiatives and extensions to existing services are being developed to make better use of the additional grant funding to both meet customer's needs more effectively. These include investing in a number of prevention measures targeted to deliver savings in both social care and health budgets which is likely to increase the work of the Handyman service.

The total contract value has deliberately been set above the current budget because of the likelihood of increased Disabled Facilities Grant and demand for the Handyman service, during the life of the contract.

3.0 Benefits

The main benefit to the Council of the Framework of contractors is to enable us to meet our statutory duty to deliver adaptations to disabled people. However using the DFG more widely, in the spirit of the Better Care Fund assists the development of joint working between Housing, Health and Social Care-ensuring customers' needs are fully met and that savings are generated as a result. Frameworks provide the flexibility and adaptability we need both to respond promptly to fluctuating demands and deliver new initiatives arising from the increased funding.

4.0 Critical Success Factors and Dependencies

Applicants for DFG usually require adaptations straightaway, and other works to ensure customers live in a safe environment are also urgent. The service is demand led so it is

critical that we have contractors with all necessary specialisms on the framework and that fluctuating demands can be met without a detrimental impact on vulnerable customers.

The procurement options that were considered are outlined in section 2 of the cabinet report.

The service area are looking to appoint contractors who have scored well on the people issues in the tendering process to be able to deliver schemes themselves, rather than rely on sub- contractors as this will ensure customers specific, and quite varied needs are fully considered while works are being undertaken.

The Handy person service needs to be particularly flexible as they undertake a wide range of tasks and must have the capacity to ensure we can respond immediately to urgent needs such as to facilitate discharge from hospital and support people in the first few days after they return home.

5.0 Programme

The Tender exercise is expected to commence once Cabinet approval to go to the market has been obtained. We have deliberately chosen to seek Cabinet approval to go to the market early so that we can take as much time as necessary to ensure that potential contractors will have both the technical abilities to deliver the required services and the commitment to meeting individual needs of vulnerable people whilst undertaking works in their homes.

Because of our objective to attract smaller local contractors to apply we will include a supplier day in the timetable to guide them through the process they will need to follow.

A 2 stage process will be followed but it is our intention to follow the standard process at Selection Stage-mainly focusing on financial stability and qualifications/ experience in the field with in depth assessment of customer care standards and quality of service at invitation to tender stage. The indicative timeline is detailed below.

Event	Date
Project Team Appointment	Dec 16
Specification prepared	Dec 16 – Jan 17
Cabinet Approval to go to the market	16 th February 17
Supplier Day	6 th March 17
Publish SQ	30 th March 17
Evaluation	April 17
Invitations to Tender	April 17
Tender submission deadline	May 17
Evaluate Tender submissions	May/June 17
Preferred bidder identified	June 17
Internal Governance	
- Internal approval (Gateway 2)	June 17
- Divisional Procurement Board	June 17
- Consult Portfolio Holder	June 17
Notification of decision to award	July 17
Mobilisation	Aug-Sept 17
Framework commencement date	Oct 17
Contract completion date	Oct 20 or 21 if option to extend for further year taken

6.0 Social Value Considerations

To stimulate local recruitment all the successful contractors will be monitored for the numbers of local employees who live in HA postcodes and their use of local supply chains.

Social value will be included as part of the evaluation criteria for this project. Tenderers will be asked to provide details of their commitment to social value through the delivery of this contract. In Asset Management as part of our work to maximise social value we have consulted with residents on the type of projects that provide added value to the community we would like to see delivered over the next few years, and produced a detailed list. As this would be a framework of contractors with relatively low individual contract values we would be looking for a number of contractors to contribute either money, staff volunteers or supplies to initiatives on this list that would be too expensive for a small, single contractor to deliver on their own.

7.0 Change and Risk Management

Utilising an e-tendering process provides an audit trail of decision making and analysis. The tender documentation and tender responses are stored on a centralised internet hub and so this makes it easier for any Housing team member or procurement services to pick up and continue with the ITT evaluation process in the Project Managers absence.

Similarly for general project information and correspondence HAM will be utilising 'Share Point' which will be the centralised location for electronic project filing and data. Team members therefore will be able to access project information as required.

8.0 Procurement Options and Evaluation Criteria

The approach to market will be a 2 stage tender, with a light touch at SQ for contractors to be part of the frameworks.

The nature of the client group and the need for sensitivity and understanding of specific needs whilst undertaking works in the homes of disabled people is really important in this area of work and so we will be evaluating tenders based on 60% quality and technical, 30% commercial and 10% social value. We will set a minimum score level in each area of assessment so we are confident in contractors abilities and integrity before appointing them to the framework.

The standard SQ stage will focus on financial viability and experience in the specialist area of work. Below is an indication of the ITT evaluation that will be used:

Quality / Technical	Area weighting	Overall weighting
Delivery of the Specified Requirements	40%	60%
Customer Care, safeguarding etc	30%	
Health & Safety	15%	
Method Statement	15%	
Total for Quality/Technical	100%	
Social Value	Area weighting	Overall weighting
Total for Social Value	100%	10%
Commercial - Cost	Area weighting	Overall weighting
Cost submission	100%	30%
Total		100%

9.0 Legal Comments and Clearance

Under Regulation 33 of The Public Contracts Regulations 2015 the Council can set up framework agreements for up to 4 years and must operate the framework agreement in accordance with Regulation 33.

Contracts can be called off from the framework directly or by mini-competition and the framework rules need to make the intended call-off process clear.

The council must comply with the social care legislation referred to in the main body of the report.

The Framework Agreements and call off contract documentation will be approved by Legal Services.

The Council cannot charge for statutory services that it is obliged to provide.

The specific power to charge introduced in section 93 of the Local Government Act 2003 gives the Council the power to charge for discretionary services. The section 93 charging power states that the Council can charge for a discretionary service if the recipient of the service has agreed to its provision.

Section 93 cannot be used to generate a profit. The section 93 charging power allows the Council to recover the costs of providing services and the Council is under a general duty to secure that, from one financial year to the next, the income from charges for services does not exceed the costs of provision (section 93(3), LGA 2003). The Council must offset any surplus or deficit in income as a result of any over or under recovery of charges when setting future charges for the discretionary service. This ensures that over time the income generated by the discretionary service equates to the cost of providing the service

Any wider commercial trading must be undertaken through a company under section 95 of the LGA 2003 and the 2009 Trading Order England (Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009 (SI 2009/2393)

10.0 Contract Management

The contracts will be managed through operational meetings on each individual project and periodic performance review for each contractor.

The Contract Review form will be completed every month with the contractor input. This measures the outcomes, outputs and performance of the contract.

Performance on all aspects of the service is reported quarterly to Departmental Contracts Board.

11.0 Recommendations

That Permission is granted to re-tender the framework agreements for contractors to deliver adaptations, repairs to existing adaptations and the Handyperson service.

That authority is delegated to the Corporate Director of Community, in consultation with the Portfolio Holders for Housing and Finance and Major Contracts to enter into the framework agreements and to call-off specific contracts with the successful contractors on completion of the procurement process.