

Meeting:	Tenants and Leaseholders Consultative Forum
Date of Circulation:	30 th October 2006
Subject:	INFORMATION REPORT - Harrow's Integrated Property Services Partnership
Responsible Officer:	Gwyneth Allen Interim Head of Housing
Portfolio Holder:	Housing
Exempt:	No

Section 1: Summary

This report provides TLCF with a progress report in relation to re-tendering the response maintenance service and the delivery of the housing capital programme. These two areas have been consolidated into one project combining the full range of the council's property services (housing and corporate stock) into one procurement project.

FOR INFORMATION

Section 2: Report

2.1. Brief History

2.1.1. Background

Harrow Council currently procures its capital and revenue property services works, through separately tendered and managed contracts. Project design and other property related management services are produced in house and supplemented through external procurement. In addition a small part of housing

work (out of hours call outs and certain void repairs), are carried out by Harrow's DLO.

The Government's drive to adopt better and more constructive working relationships (see Gershon review on Construction Procurement) and Harrow Council's desire to improve services that deliver value for money, necessitates a review of how these services are procured. The objectives include obtaining increased value for money, improved service delivery through economies of scale and process improvement.

2.1.2. Current arrangements

Building maintenance contracts are in place for responsive works to both Housing and Corporate properties and the division is largely a residential/commercial split. There are 10 contractors involved in these arrangements and almost 100 further companies, engaged on specialist or statutory servicing and repair works. The current annual contractor cost in this area is around £4-5M with an average spend per job of £100-200. Corporate contracts run until April 2007 and the Housing contracts have been recommended for re-tendering.

Building project work is developed on an individual basis for both Housing and Corporate areas and tendered on a job-by-job approach. The work is funded from the capital programme and the average number of tenders in a year is 100, with overall costs approaching £20M.

2.2. Future Proposals

2.2.1. Vision and Objectives

The objectives of the future property services procurement are to deliver significant improvements in all aspects of the service delivery:

- Innovative approaches to design, construction and maintenance.
- Deliver Gershon requirements
- Significantly improve value for money and drive cost saving initiatives
- Significantly improve service delivery and customer satisfaction
- Re-structure the supply chain and reduce complexity
- Develop and implement process improvements
- Drive efficiency improvement, including reduction of number of tenders and tender documentation, reducing timescales, and improving the approach to sustainability.

2.2.2. Supporting Objectives

Based on the requirement to meet "Gershon" savings and to deliver value for money based construction procurement, perceived good practice has the following attributes;

- Longer term relationships (typically at least 5 years), based on partnering, trust and enhanced value for money.

- Fostering closer relationships between design, construction and maintenance to improve co-ordination, buildability and communication within the whole process.
- Considering and encouraging the whole life costs of decisions made, including the internal costs of design and construction decisions as well as the ongoing maintenance and building management costs.
- Moving towards output and outcome based specifications to allow greater innovation in both design and construction together with a larger degree of risk transfer.
- Establishing measurement systems through key performance indicators to show continuous improvement and providing reward payments for success with the converse for failure.
- Sustainable design and construction having full regard for the impact on the environment.

2.2.3. Harrow Integrated Property Services Partnership

It is intended to combine the full range of Harrow's property services within one integrated project, representing at least £100M worth of work over an initial five year period, with options to extend further. A series of project teams are taking the proposal through and developing the partnership specification, which will be completed by the end of October 2006.

Cabinet received a report in October 2005 detailing the need to implement an exit strategy from the current costly Housing repairs contracts. This strategy has been developed further by an Urban Living cross-departmental working group and options were considered to leave Housing repairs as a separate area or encompass the works within a more cost effective integrated approach.

The conclusion was that there are more synergies to be achieved from working together across Urban Living and as a result the exit strategy is being managed through the Harrow Integrated Property Services Partnership project team. Information on this approach was initially included within a report to Tenant's and Leaseholder's Consultative Forum in January 2006.

2.2.4. Benefits

The benefits of combining Harrow's wide range of property services, will assist the Council to improve the quality, innovation and sustainability of its building, facility and asset planning related services, while delivering enhanced value for money and increased customer satisfaction. The key areas of improvement include :-

- The development of skilled and experienced teams able to deliver innovation, construction excellence and continuous improvement.
- The development of smarter use of resources generating significant efficiency savings.
- An increased focus on whole life costing, moving away from short-term approaches to property management.
- The full integration of sustainability into our approach to property design.

- A move away from costly and resource intensive adversarial contracts.
- Improved financial management of capital and revenue construction projects.
- The full introduction of a performance led approach to building project management linked to corporate priorities.
- The ability to resource and complete on time, major capital work programmes.

The benefit to Harrow of adopting the partnering approach to property services, will be to build relationships based on clear measurement of performance and sustained improvements in quality and efficiency. It is widely accepted that the repeated changing of contractors prevents learning, innovation and the development of skilled and experienced teams, both internally and externally and this project will place Harrow at the forefront of property services partnering.

2.3. Consultation

The project recognises the importance of communications and a formal communication strategy has been developed. The plan is to engage affected staff, tenants, leaseholders, building managers and users together with contractors and identified stakeholders. Their contribution will be fed into the design of the final contract arrangements and be used to ensure the opportunities from true partnership working are achieved.

It is intended that a leaseholder and tenant panel will be set up for this and other consultative issues.

Section 3: Further Information

TLCF will be kept informed of progress on the project at each key decision stage.

Section 4: Contact Details and Background Papers

Contact: Gwyneth Allen, Group Manager Housing,

Background Papers:

- Cabinet Report 6/10/05 : Re-tendering the delivery of the housing response repairs service and the housing capital programme.
- TLCF Report 5/1/06 : Re-tendering the response maintenance service.
- Cabinet – Information Circular 6 April 2006