

## **SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Cabinet **DATE:** 9<sup>th</sup> March 2015

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### **PART I** **KEY DECISION**

#### **RE-COMMISSIONING AND PROCUREMENT OF A RESPONSIVE REPAIR & MAINTENANCE SERVICE FOR HOUSING PROPERTIES**

##### **1 Purpose of Report**

This report advises members of the progress made in re-commissioning a future service provision to include responsive repairs and programmed maintenance for housing related properties, to succeed the current contract.

##### **2 Recommendation(s)/Proposed Action**

That Cabinet is requested to note the progress made in evaluating options to re-procure an alternative service provision (including in the accompanying Part II report) and the resulting proposed changes to the implementation plan and is requested to resolve:

- a) That in order to alleviate the time constraints and provide sufficient time for the re-procurement project to achieve its full aims, that officers be empowered to explore and evaluate options to procure an interim provision of services from April 1<sup>st</sup> 2016 for a period of between 12 and 20 months.
- b) That following completion of an options appraisal, the decision to pursue the best option for interim service provision be delegated to the Strategic Director, Regeneration, Housing and Resources, following consultation with the Leader of the Council, to decide on the interim provision solution.
- c) That following an exercise to determine the scope of the project and subsequently which vehicle should be used to deliver the objectives therein, to be carried out by the project team and agreed by the commissioning and procurement board, the Cabinet resolve to delegate to the Strategic Director, Regeneration, Housing and Resources, following consultation with the Leader of the Council, the choice of option for the final business case to be based upon.

##### **3. The Slough Joint Wellbeing Strategy, the JSNA and the Five-Year Plan**

The provision and maintenance of good quality and affordable family housing can reduce housing need for local households and contribute to the identified priorities of the JSNA by increasing the availability of good quality accommodation. The

Corporate Plan has a target of achieving value for money and if this initiative contributes to that by maximising value for money through the purchasing power of the council the council will be better placed to respond to the wider needs of the community.

### 3a. **Slough Joint Wellbeing Strategy Priorities –**

As this report outlines, investigation to date has identified that broadening the current service provision will assist in meeting the aspirations of tenants, leaseholders, elected members and the council as a whole. As the report outlines, if successful the project could contribute to all five of the wellbeing priorities.

Priorities:

- Health
- Economy and Skills
- Regeneration and Environment
- Housing
- Safer Communities

Cross-Cutting themes:

Commissioning a good quality, responsive repairs, maintenance and asset management service will ensure the quality of homes and the environment are improved across the borough and this will contribute to the cross cutting theme of **Improving the image of the town**

### 3b **Five Year Plan Outcomes**

This report outlines the approach being adopted to re-commission a comprehensive service for responsive repairs and programmed maintenance to over 7,000 council owned homes across the borough. These homes represent around 14% of the total stock of homes in Slough and ensuring that they are fit for purpose, warm and safe makes a positive contribution to the targets within the 5 year plan. The options appraisal is looking at widening the scope of the current contract where it is deemed to deliver sound financial benefits. Improving value for money, reducing expenditure and increasing income all contribute to the 5 year plan.

The specific targets are

- There will more homes in the borough, with quality improving across all tenures to support our ambition for Slough
- The Council's income and the value of its assets will be maximised

## 4 **Other Implications**

### (a) **Financial**

This report does not recommend expenditure or commit budgets over and beyond those already adopted. However subsequent reports which recommend final decisions upon future service provision will commit the council to significant sums of capital and revenue expenditure potentially over an extended period of many years and these will be considered in light of the value for money offered through the future service route.

(b) Risk Management

<b>Risk</b>	<b>Mitigating action</b>	<b>Opportunities</b>
Legal Risk of challenge to procurement process	Early engagement of legal expertise and mitigating actions	
Property Strategic and statutory failure of maintenance provision to housing stock	Engaging in full options appraisal considering scope, vehicles and specifications	To provide an enhance service, designed to promote inward investment (Slough £)
Human Rights	None identified	
Health and Safety Statutory non-compliance of repairs service	As above	As above
Employment Issues TUPE implications for retained and transferrable staff	Included within project scope and legal framework for re-provision	
Equalities Issues Compliance with Equality Act 2010	EIA within project plan	
Community Support None		
Communications Stakeholders do not feel engaged in the process	Full communications strategy, stakeholder engagement plan	
Community Safety	None identified at this stage	
Financial Failure to acquire data to inform specification leading to unrealistic bid documents	Significant period of time in project plan to gather and analyse data	Greater understanding of current contract performance
Timetable for delivery Decisions not being taken at key points	Project manager and full project plan in place	Develop a model for recommissioning to be used for future projects
Project Capacity Delays during planning Stage  Delays in procurement process.	Employ experienced team to run the project.  Use same team to ensure end-to-end service	
Other		

(c) Human Rights Act and Other Legal Implications

This report has been discussed and shared with the council's external legal advisors on re-procurement and their comments are integral to the report.

There are no Human Rights Act Implications at this stage.

(d) Equalities Impact Assessment

There are no equalities impact implications at this stage of options appraisal however an EIA will be undertaken once the current workstream reports and recommends a preferred course of action and delivery route.

(e) Workforce

There are no workforce implications within this report and any which occur as options are developed and evaluated will be made explicit to members

(f) Property

Currently the contract covers repairs to both council homes and corporate buildings, as options are evaluated implications for both will be made explicit in the reports

## 5 Supporting Information

The Council has embarked on a project to re-commission and procure replacement service provision for the period post March 2016 when the existing contract for the Housing 'Repairs and Maintenance' ('R&M') service expires.

Work undertaken since December has demonstrated that the aspirations of elected members, tenants & leaseholders, and officers for future provision as well as a desire to align with the emerging 5 year plan mean that the re-commissioning exercise will inevitably recommend a solution which is vastly different to the current contract and almost unrecognisable in terms of scope, delivery, performance and outcomes.

Earlier decisions taken within the council had always left the timetable for re-commissioning and re-procurement tight however on further investigation the time available was only ever going to be sufficient for a straight re-procurement of the 'Interserve' contract on a like-for-like basis; a proposal which was never going to be acceptable to any of the stakeholders.

Therefore in order to achieve an outcome that properly reflects the Council's future aspirations and objectives a report to March Cabinet will be necessary recommending that two parallel but inter-related work streams be initiated as follows.

Upcoming changes in the new regulations around procurement also place more emphasis on having a fully worked up solution to present to market via OJEU.

### Background

This is an interim report, it provides an update on the progress made since December 2014.

The early part of 2015 has seen concentration on three key aspects of the re-commissioning programme, namely:

- definition of the 'scopes of services' that may be included within a new contract and consideration of potential combinations of services to meet the Council's requirements;
- identification of potential delivery models and the criteria against which an evaluation of the models may be conducted;
- consultation with relevant stakeholders.

The Council's overarching brief is that the services commissioned must respond clearly to the objectives within its 5 year plan with emphasis placed on achieving improved financial and performance outcomes, improved cohesion and transparency, greater flexibility, improved customer care, opportunities to generate income and the development of the Slough £.

## **Stakeholders**

The work undertaken with various stakeholder groups has included:

- review of feedback from tenant and leaseholder customer surveys;
- an initial staff and contractor workshop (14 January 2015)
- an initial Member workshop (28 January 2015)
- staff and contractor 'one-to-one' interviews (on-going)

Key messages recorded from these early consultations are:

- A strong tendency towards 'silo' working with insufficient sharing and co-ordination of information across departments, (e.g. housing, property services);
- Unclear lines of responsibility and accountability between departments;
- Inadequate ICT platforms, reporting tools and processes;
- Insufficient flexibility when dealing with customer 'repairs & maintenance' enquiries and responses;
- A contract that does not focus on outcomes and is too rigid in practice;
- A specification and contract that is dated and ill-suited to the Council's needs today;
- Insufficient weight given to the management and recovery of recharges and fines;
- A lack of additional services on offer to tenants;
- A lack of transparency on the make-up of service charges;
- A lack of understanding of compliance issues within the Housing team
- An absence of 'asset intelligence'; the evaluation of repairs data to inform pro-active maintenance, capitalisation of repairs and identification of stock obsolescence.

During these early consultations assistance has been provided by external advisers Sharpe Pritchard (legal and procurement) and Bellrock (experts in property and facilities management).

## **Scope of Services**

To take full advantage of this window of 're-commissioning opportunity' we have been considering the scope of services in its broadest sense in order to gain maximum stakeholder 'buy-in' and with the ultimate aim of developing a solution that is practical while at the same time provides a good strategic fit with the Council's future plans.

The potential scope of services is wide and, at this stage, consists primarily of a 'menu' of services (see below) that fall both within and outside the remit of the Housing 'repairs & maintenance' service as it exists today. The 'scope of services' is subject to further stakeholder consultation and definition.

An initial assessment of potential options for the combinations of services to be included within a new contract is included in Annex 1.

<b>Services under Consideration</b>	
<b>Housing Repair &amp; Maintenance</b>	<b>Housing Asset Management</b>
Helpdesk rationalisation/reconfiguration	Stock condition surveying/reporting & advisory (tenants & leaseholders)
Planned Programmed Maintenance (routine)	Stock options appraisals & advisory
Responsive Maintenance	Business cases (acquisitions & disposals)
Cleansing (communal areas and estate grounds)	Capital investment business cases
Graffiti removal	Forward maintenance & whole life cycle
Statutory compliance work	Small capital works management (< £50K)
Pest control (logically for both Housing and Corporate premises as well as the 'paid for' service to the public.	Voids management
Emergency and 'Out of Hours' services and works in default	Large capital works management (> £50K)
Ground maintenance (Housing areas)	
Waste (housing)	
Security	
Caretakers	
Garage repair & maintenance	
Asbestos and water management	
Advisory/professional services (e.g. energy, project management, legal, environmental, etc.)	
<b>Tenant / Leaseholder Services</b>	<b>Corporate Services</b>
Rent administration (excluding collection)	Asset management services (corporate estate)
Tenant Enquires & Allocation (e.g. 'Right to Buy')	Facilities management (TFM) – Corporate estate only
Leasehold(er) management including discretionary 'opt in' management services	Highways (i.e. services included within existing Amey contract such as street-lighting and power,
Recharges and Fines administration	
Full Housing Estates management	
Full Internal budgeting (housing)	
Formal internal links to Housing Management teams establishing single point of contact and ownership of the landlord tenant relationship.	

## Models for Delivery

In parallel with development of the 'scope of services' we have undertaken an initial 'high-level' evaluation of the following potential 'models' that could be used to deliver the services. They are:

1. 'Stay-as-you-Are' with no significant change to the current 'Repairs and Maintenance' service model. This is a traditional Client/Contractor relationship similar to that that exists today for the R&M' service. Some small risk transfer possibilities exist. The solution requires periodic internal and external audit and a strong skilled Council management team;
2. A 'strategic partnership' model. This involves the management and delivery of the 'R&M' services by a private sector partner that may also undertake a leading role in the management and/or delivery of a realistic combination of the 'asset management services', 'tenants' services' and 'corporate services'. There is scope for strong risk-sharing with the partner. A small internal ICF (Intelligent Client Function) team is required to monitor the 'partnership' and periodic internal and external audits will be required.
3. A joint-venture model. The Council forms a separate joint venture (SPV) with a private sector organisation for the management and delivery of the services. The Council will invest in the venture and share all delivery risks. The Council retains an in-house management team while periodic internal and external audits will be required.
4. An in-house (ALMO – arms length management operation) model. This involves creating a full in–house, directly employed team to manage and deliver all services. The Council will accept all risks for delivery. Periodic internal/external audits will be required.

In addition to an analysis of the relative strengths and weaknesses of each of these models, some key overarching criteria have been proposed to allow an objective evaluation of each model. These key criteria are:

- Social Value (Slough £)
- Deliverability
- Corporate Direction
- Value for Money
- Customers
- Added value.

The evaluation of each of the delivery models will be scored and weighted against these key criteria and agreed with stakeholders and the Council's senior management team. These key criteria will also aim to respond to the three key themes used within the Council's 5 year plan, namely:

- Changing, Retaining & Growing
- Using Resources Wisely
- Enabling & Prevent

## **Interim Recommendation**

It is acknowledged that further detailed work on a business case is required in order to establish the best combination of services to be included within a new contract and the most appropriate route to market for the Council. Given that a re-procurement exercise will take at least nine and more probably twelve months and due to earlier legal advice that prohibited further exploration of the scope of the contract, this work was not undertaken.

There are a number of options for establishing an interim provision but their relative merits are dependent upon the ultimate duration of that period which in turn is informed by the consultation process with stakeholders and the full evaluation of delivery options which is to be completed over the next three months in conjunction with the Council's senior management team.

Further and immediate exploration of these options is being considered by the project team and the council's senior management team and details are contained in the accompanying part 2 report for consideration alongside this report.

Options for an interim provision might include:

- 1, An extension of the existing arrangements with Interserve.
- 2, Procure a short term repair and maintenance contract (up to 2 years)
- 3, Call off of a short term contract under a suitable framework agreement
- 4, Take the service back in house (in source, DLO)
- 5, Shared service with an appropriately located Local Authority
- 6, Shared Service with a nearby Registered Provider
- 7, A series of small short term contracts covering statutory and essential repair works (multiple small contracts)

Both workstreams will converge at a point just post elections in May 2015 and a report will be brought to cabinet in June or at the latest July recommending a course of action to approve the business case for final option to be prepared for market.

## 6 **Comments of Other Committees**

None

## 7 **Conclusion**

In conclusion, this report highlights the significant, detailed progress made since last year in defining the scope and exploring the sort of provision that is fit for purpose for the next 10 years. These assumptions have been drawn from evidence gathered after consultation with tenants, leaseholders, members, staff and partners and is the most detailed and holistic summary of the services and what they should look like in the future.

Cabinet are asked to agree the extension of time for officers to full explore the options available to meet the newly established demand and requirements.

## 8 **Appendices Attached**

'A' - Scope of Services – Combinations Matrix