

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 23rd January 2017

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WARD(S): All

PORTFOLIO: Housing & Urban Renewal, Councillor Ajaib

PART I **KEY DECISION**

REPAIRS, MAINTENANCE & INVESTMENT (RMI) CONTRACT – PROGRESS UPDATE

1. **Purpose of Report**

This report provides Cabinet an update on the progress made in recommissioning the repairs, maintenance and investment services for the council's housing stock.

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

The Cabinet is requested to resolve:

(a) That the progress made be noted;

(b) That in order to meet the procurement timetable and section 20 consultation requirement and to allow the Council the optimum mobilisation period to work together with the new Service Partner, that the Interim Chief Executive, as Project Sponsor, be granted delegated authority, following consultation with the Cabinet Member for Housing and Urban Renewal, to appoint the Preferred Bidder following evaluation of final solutions from the 3 Bidders.

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

Good quality homes are an integral part to the wellbeing of Slough residents. The provision and maintenance of good quality, affordable housing therefore, plays a fundamental role in supporting the delivery of Slough's Joint Wellbeing Strategy and contributes to the identified priorities of the JSNA by increasing the availability of good quality accommodation in Slough. The Council's Five Year Plan has a target of achieving value for money and this initiative contributes to that by maximising value for money through the purchasing power of the council, supporting the council to be better placed to respond to the wider needs of the community.

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

Broadening the scope of current service provision will assist in meeting the aspirations of tenants, leaseholders, elected members and the council as a whole, through the application of a holistic approach to services and commitment to Social Return on Investment (SROI) which, through collaborative working with the new service partner, will contribute to all five of the wellbeing priorities.

Priorities:

- Health – the links between decent housing and health are well documented.
- Economy and Skills – making (SROI) an integral part of the RMI contract will create job opportunities, skills, local supply chains and re-investment of the Slough £.
- Regeneration and Environment – The stock condition survey underpins the RMI commissioning project and will improve the council's ability to effectively manage its assets and invest in sustainable communities through neighbourhood and community projects.
- Housing – providing secure, good quality accommodation will improve health and wellbeing by providing affordable homes for people who live and work in Slough.
- Safer Communities – effective asset management and estates management including implementing re-charges, improving private sector accommodation will ensure effective measures are taken to safeguard vulnerable people, build pride in communities and deal with ASB and enviro crime through joint working with tenants, residents and leaseholders.

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. Tenants and leaseholders will be encouraged to take civic responsibility for their homes and be held accountable and responsible for their homes and neighbourhoods which will contribute to improving the image of the town.

3b **Five Year Plan Outcomes**

Through the re-commissioning of a comprehensive service for responsive repairs, programmed maintenance and investment to over 7,100 rented and leasehold homes across the borough, ensuring that they are fit for purpose, warm and safe makes a positive contribution to the targets within the Five Year Plan. Whilst the recommissioning of the service is not intended as a cost savings exercise, it does seek to procure a value for money contract, delivering quality services on behalf of the council for its residents. Improving quality of services, applying best value principles, reducing expenditure and exploiting income opportunities all contribute to the Five Year Plan. The new RMI service will embrace the use of new technology and digital media to enhance tenants and leaseholders experience and simultaneously ensure effective contract management, performance management and provide residents with open and transparent access to services.

The specific targets are:

- There will be 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
- The Council will be a leading digital transformation organisation

4. **Other Implications**

(a) Financial

- RMI budget of £100m, HRA funded, over the initial contract term of 7 years, with an option to extend for a further 3 years.
- Opportunities to generate income through establishing a Framework Agreement for other housing providers is being established as part of the RMI project.
- Opportunities for private landlords to procure value for money services from the RMI provider are included within the scope of services.

(b) Risk Management

Risk	Mitigating action	Opportunities	RAG
ITC - There is a risk there will be insufficient resources in IT (SBC/arvato) to support the project implementation of SBC internal requirements before interface/integration with the RMI service partner are fundamental to delivering value for money and robust contract management	<ul style="list-style-type: none"> • Raised at Information Governance Board to ensure prioritised • arvato to call upon specialist capita resources as required 		
ITC - There is a risk that it will not be possible integrate IT systems within the costs and timescales of the project	HRA funded specialist member of staff supporting the RMI project as required	To utilise sophisticated service partner IT systems to deliver enhanced customer service	
Lack of data - insufficient (or no) data resulting in the Council being unable to achieve best value from the market – will prevent effective data analysis essential to develop concise, cost effective programming for future years	Stock Condition Survey commissioned by Neighbourhood Services.	Greater understanding of current stock for programming capital works and consider options appraisal to inform HRA Business Plan review in March 2017	
Legislative Changes - unknown/unquantified legislative changes which may have a negative impact on the objectives e.g. £350k property value threshold for disposal	Keep up to date with key legislation and ensure that any proposed changes are taken into consideration and worked into appropriate plans. Impact on right to repairs on tenure changes considered as part of HRA Business Plan		

Legal Risk of challenge to procurement process	Early engagement of legal and procurement expertise and mitigating actions		
Financial - Final tenders are of a considerably higher value than was anticipated and budgeted for and are therefore outside the affordability envelope	Ensure the procurement documentation is clear about what is a 'must have' and what is subject to dialogue		
Resident Engagement - Failure to effectively consult, engage, and involve residents may attract regulatory intervention that would have a negative impact on the service and the council's reputation and attract financial (or other) penalties.	Consultation and Engagement Strategy developed and Repairs Panel set up. Communications strategy also developed to ensure consistent message communicated to all affected/interested stakeholders.		
Leasehold Engagement - Failure to undertake Section 20 LTA consultation within the appropriate procurement timeframe may cap the recovery of responsive and major repairs costs from leaseholders during the life of the contract	Consultation and Engagement Strategy developed and Repairs Panel set up in conjunction with development of communications strategy.		
Mobilisation - backlog of work which may arise throughout the existing contractor's termination period as they may be less motivated. The impact will be felt on operations and on the mobilisation of the new contractor	Define an exit approach including: <ul style="list-style-type: none"> • close engagement with existing provider • close management of works including timely reporting and enforcement of payment mechanism 		

(c) Human Rights Act and Other Legal

This report has been shared with the project's external legal advisors and we are satisfied there are no Human Rights Act or other legal implications arising from this report.

(d) Equalities Impact Assessment

A full Equality Impact Assessment and action plan have been completed and are monitored/re-assessed regularly throughout the process.

(e) Workforce

There are workforce implications arising from the project. A number of staff will be subject to TUPE arrangements and all affected staff have been, and will continue to be, fully consulted and supported throughout the process.

5. **Background Information**

- 5.1 The expiry of the current contract in March 2016, led to a review of the current repairs and maintenance contract in January 2015. It was agreed that in order to align with the Five Year Plan, greater emphasis would need to be 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 £, and as such various options would be explored for future reprovision. As part of this, consultation took place with tenants, leaseholders, members, staff and partners with evidence gathered to provide a holistic summary of the aspirations for provision of services in the future.
- 5.2 On 9th March 2015 Cabinet agreed to grant an extension to the existing service provider, Interserve plc, with delegated authority to the Strategic Director, Regeneration, Housing and Resources and the Leader of the Council, to agree a suitable period of extension and allow the Council an opportunity to explore all possible options for future service provision. A deed of variation was agreed, signed and sealed for an extension of the existing contract until 30th November 2017.
- 5.3 A scoping exercise was undertaken and market testing carried out in May 2015, in conjunction with service partners, to establish the future scope and services to be contained within the future contract.
- 5.4 Funding was agreed by Capital Strategy Board on 27th October 2015 to secure the internal and external resources required to support the project until the new contract start date of 1st December 2017.
- 5.5 In November 2015, the RMI Project Board was established to make key project decisions, with the Strategic Director, Regeneration, Housing and Resources, appointed as Project Sponsor, along with a number of other key stakeholders. Noted that membership has since been revised following the departure of the Strategic Director in March 2016, to provide a more strategic oversight of the project, with the Strategic Director, Customer & Community Services undertaking the role of Project Sponsor since that date.
- 5.6 A number of workshops were undertaken throughout January and February 2016, where the vision and objectives, scope and model of the future contract were agreed – the agreed preferred model being a strategic partnership, involving the management and delivery of the repairs, maintenance and investment service by a service partner that would also undertake a collaborative role in asset management and future investment, identify and deliver efficiencies to maximise income generation and commercial opportunities, offer SROI and investment in local communities and the local economy.

An innovative repairs, maintenance and investment service that embraces the use of new technology and digital media to enhance residents' experience of these services and improves the quality of their homes. An independent agency would be established in partnership to review and report on customer care and offer an opportunity to influence and prioritise local aspirations.

An internal client function would monitor the partnership with periodic internal and external audits. Contract management would sit with the Client and Contract Administrator, John Griffiths, and Kamal Lallian will be the Contract Manager. A governance structure which encompasses Neighbourhood Forums to monitor and influence priorities, supported by reports from the Independent Agency is attached at Appendix A.

5.7 In March 2016, the Project Manager (PM) left the Council and an interim PM was appointed until May, when the Neighbourhood Business Services Manager (Kamal Lallian) was asked to take on the role of PM to drive the project forward to meet the challenging procurement deadlines. John Griffiths, Head of Neighbourhood Services was appointed Client and Contract Administrator for the new contract.

5.8 The OJEU notice was published on 3rd June 2016, together with supporting documentation comprising in excess of 90 documents including the draft contract, framework agreement, draft specifications, Pre-Qualification Questionnaire (PQQ) and Invitation to Submit Detailed Solution (ISDS) and noted the following services as in scope:

- Responsive repairs
- Gas repairs and servicing
- Void property repairs
- Mechanical and electrical planned preventative maintenance
 - (i) Communal and emergency lighting
 - (ii) CCTV repairs and maintenance
 - (iii) Sump and water booster pump maintenance
 - (iv) Door entry repairs & maintenance
 - (v) Roof cradles and fall arrest system maintenance
 - (vi) Communal television aerial maintenance
- Statutory compliance services:
 - (i) Asbestos surveys, analysis and removal
 - (ii) Firefighting equipment maintenance
 - (iii) Fire risk assessments
 - (iv) Water hygiene treatment
 - (v) Lightning conductor testing & maintenance
 - (vi) Lift maintenance, including any resulting remedial works, refurbishment or replacement of passenger lifts in housing blocks
- Capital works investment programme comprising a mix of internal and external component renewal and repair
- Garages and environmental programmes
- Pre-paint repairs and cyclical decorations
- Estate services for cleaning and window cleaning

- Contract preliminaries – general facilities, obligations and restrictions relating to the contract
- General requirements – common across all specifications e.g. conduct of employees, service standards, energy management principles etc.
- Resident customer services
 - The vision to deliver excellent customer services to residents using the latest technology
 - An independent agency set up as a social enterprise to modernise, and enhance resident involvement and engagement at a local level, offering residents, Members and key stakeholders with the opportunity to influence priorities to reflect local needs and aspirations. The agency will measure, monitor and report to the Resident Board, Panels and Neighbourhood Forums, and form an integral part of the governance of the RMI contract, allowing residents to monitor and scrutinise service delivery.

- SROI – the means to secure wider social, economic and environmental benefits for Slough including;
 - The service partner publishing a five year community investment plan setting out their commitment and financial investment in the communities, supported by governance arrangements and KPI's
 - Apprenticeships and collaborative working with local education establishments such as East Berkshire College to provide advanced NVQs and apprenticeships
 - Local supply chains to include supporting SME's and social enterprises in delivering services in the Borough and developing their skills and capacity and promote opportunities for local businesses to bid for work
 - Local employment for local people
 - Realistic, sustainable employment and skills development opportunities to disadvantaged people in the Borough e.g. people with learning disabilities, NEET, lone parents, unemployed over 50's and kick-start programmes for unemployed adults
 - Opportunity to create a National Skills Academy in Slough

- Information Technology (IT) – the vision to use information and technology to provide:
 - improved services for tenants and stakeholders
 - technology to deliver transparent and accessible reporting of repairs online and through the use of mobile technology
 - resident engagement and monitoring of customer satisfaction with services using innovative practices
 - transparent service charges
 - recharges for negligence and wilful neglect
 - digitalisation – digital vision for transformation of the services.

- Improved asset management;
 - planned maintenance over responsive repairs through effective analysis and monitoring of repairs using technology and modelling of assets
 - decisions based on accurate, complete and timely data;
 - strategic partnership with service partner to retain viable stock and sustain the Housing Revenue Account (HRA)

- Investment services
 - a key part of the contract is the provision of advice and assistance to the council by the successful service partner in relation to how the council manages its housing stock effectively and efficiently to achieve best value. The successful service partner will be required to provide strategic consultancy advice to the council so as to retain viable stock, sustain the HRA and create additional revenue income generation.
 - Savills have been commissioned to develop the initial 24 months capital investment programme for the RMI service partner upon completion of the stock condition survey in January 2017 and provide technical support to the council, inclusive of review of risk & commitments so as to enable a mobilisation plan and transition from Interserve to new provider

- Income Generation
 - Income generation through the development of a framework agreement and call off contract
 - Offering services to leaseholders such as gas servicing and private sector landlords services

5.9 In response to the OJEU notice, 12 prospective bidders submitted completed PQQ's. Following a robust evaluation process, group moderation and independent moderation, a shortlist of 5 bidders was agreed and invited to participate in the first stage of competitive dialogue which commenced in August 2016. The selected bidders were:

- Kier Services Ltd
- Mears Group Ltd
- Mitie Property Services (UK) Ltd
- Osborne Property Services Ltd
- Willmott Dixon Partnerships Ltd

5.10 A full Members briefing on the outcome of the PQQ process was undertaken on 10th August 2016, together with updates to the Residents Board and Repairs Panel, staff and those in scope of TUPE. The current repairs and maintenance provider, Interserve, were not taken through to the second stage. Mitigation of risk to ongoing service provision has been managed within Neighbourhood Services with the Business Delivery Team, co-locating with the contractor as necessary.

- 5.11 Stage 1 competitive dialogue included specific dialogue sessions on SROI which included the Interim Chief Executive, Commissioner for Housing and Urban Renewal and representatives from the Children's Trust, Adult Learning and Enterprise and Economic Development. Relevant people will be engaged in evaluation of this part of the submissions received.
- 5.12 Service Delivery Solutions were received on 24th October from the 5 bidders in response to the Invitation to Submit Detailed Solution (ISDS) and a robust evaluation and moderation process was undertaken involving, the Client Team, technical, commercial and legal advisors and SBC procurement specialists. A procurement report was presented to the Project Board and decision taken to agree the highest scoring bidders to be taken through to the final stage of the process.
- 5.13 A full Members briefing on the outcome of the ISDS, announcing the 3 bidders, was undertaken on 24th November 2016. As per the PQQ stage, detailed communications were planned to ensure all stakeholders were engaged and face-to-face briefings were held with the Residents Board and Repairs Panel, Housing & Neighbourhoods Staff and those in scope of TUPE. An update was published via internal communications channels. The selected bidders taken to the final stage are:
- Mears Group Ltd
 - Osborne Property Services Ltd
 - Fortem Solutions Ltd
(note: this is the new name for Willmott Dixon Partnerships Ltd)
- 5.14 Stage 2 of the competitive dialogue process commenced 30th November 2016 and reference site visits were undertaken in December. In January 2017 bidder presentations will be made to residents and members. The dates have been diarised to ensure key stakeholders meet the final 3 bidders and have an opportunity to consider the proposals, ask questions and provide feedback for further competitive dialogue. Members were invited to attend the presentations on Tuesday, 17th January 2017.
- 5.15 The Call for Final Tenders will be issued 27th January 2017 and final bids will be received, evaluated and moderated, with a view to the preferred bidder being identified by 31st March 2017.
- 5.16 Subject to section 20 consultation, feedback and contract signature, mobilisation of the new contract will begin from 1st June 2017.
- 5.17 The key milestones timetable is attached as Appendix 'B', for information.

6. **Comments of Other Committees**

The Neighbourhoods & Communities Scrutiny Panel were presented a progress report on 3rd November 2016 which was positively received and a further update has been requested during mobilisation of the new Service Partner in summer 2017.

7. **Conclusion**

In conclusion, this report highlights the significant progress made since the commencement of the project, and seeks approval for delegated authority to meet the critical milestones of the timetable as detailed at Appendix B.

8. **Appendices Attached**

'A' - Governance Structure for RMI Contract

'B' - RMI Key Milestones

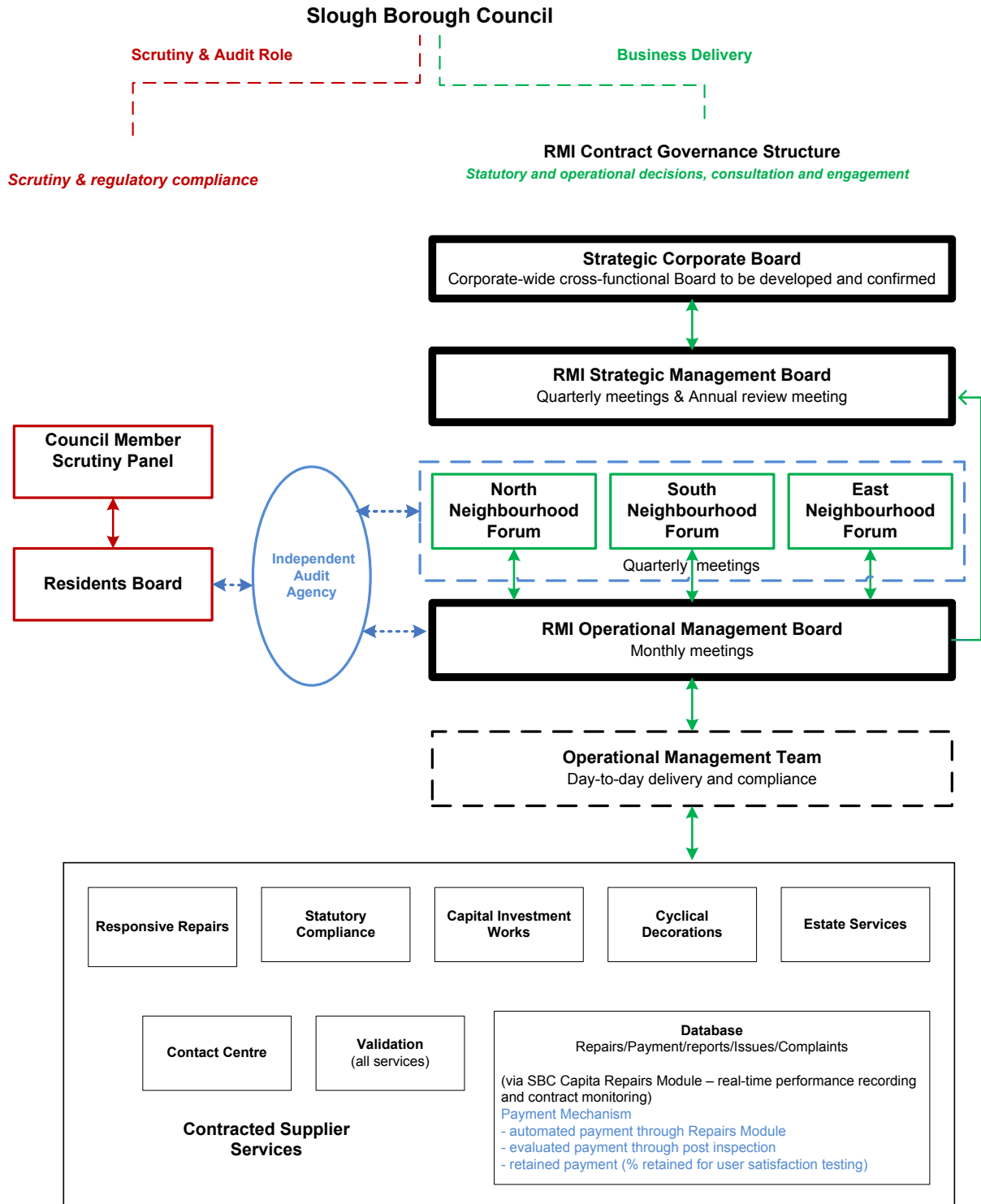
9. **Background Papers**

None

Appendix A

RMI Governance Structure

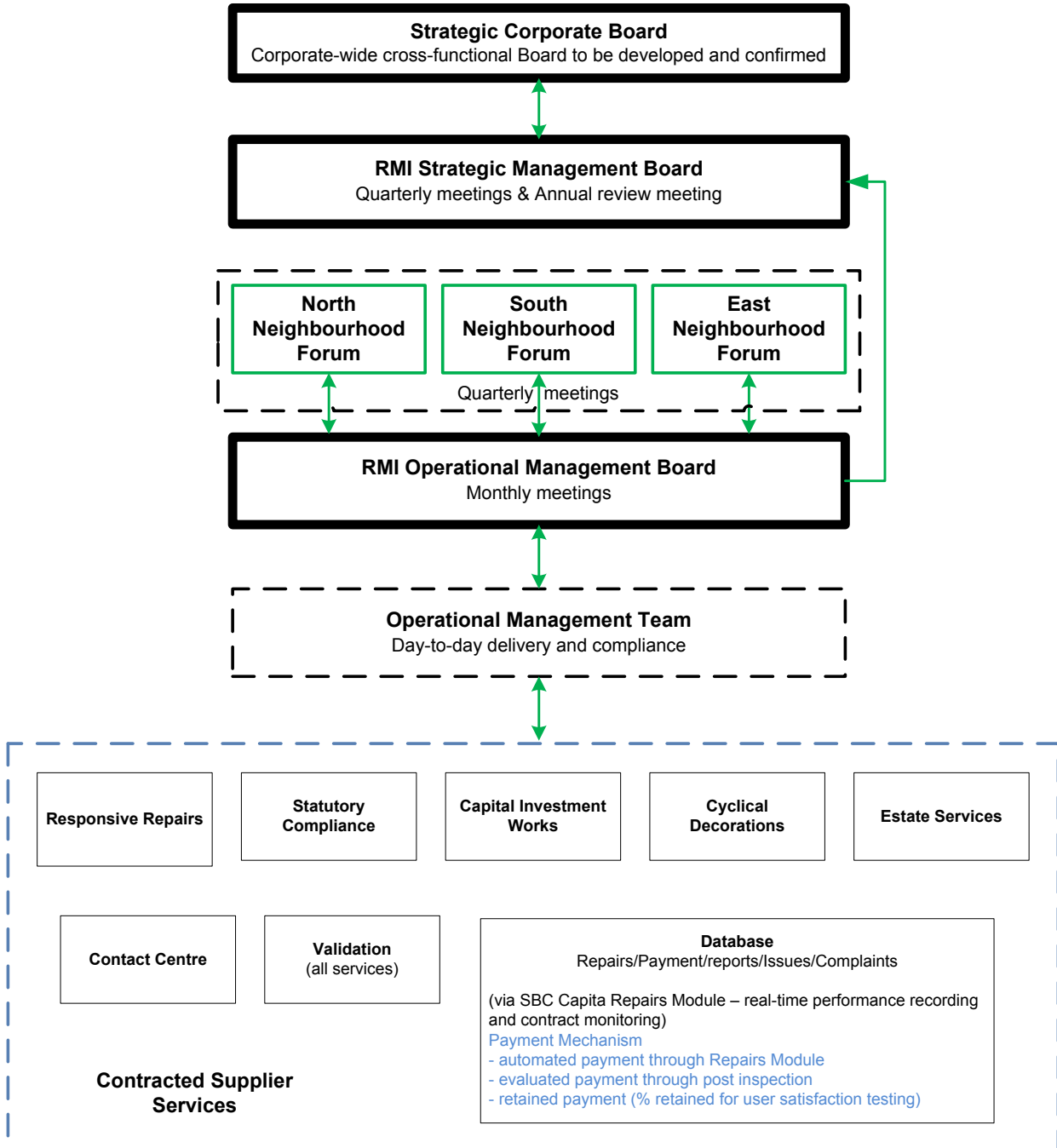
Inclusive of
Client and Service Partner Engagement with Residents
& Client Co-Regulation and Scrutiny



Slough Borough Council

RMI Contract Governance Structure

Statutory and operational decisions, consultation and engagement



Appendix B

RMI TIMETABLE - KEY MILESTONES		
Task Name	Start	Finish
Pre-Procurement	Sun 01/05/16	Tue 31/05/16
Workstream Leads Meeting - final document sign off	Wed 25/05/16	
RMI Project Board - procurement document final review	Thu 26/05/16	
Section 20 consultation - responses evaluated	Sun 29/05/16	Tue 31/05/16
RMI Project Board - procurement documentation sign off for OJEU	Tue 31/05/16	
Populate Data Room	Sun 01/05/16	Tue 31/05/16
Cultural change programme ongoing	Sun 01/05/16	Fri 01/12/17
Highlight Report prepared	Tue 31/05/16	
Procurement Process	Wed 03/06/16	Sun 30/04/17
Start of Procurement Process	Wed 01/06/16	
OJEU Notice Published	Wed 07/06/16	
PQQ Published	Wed 07/06/16	
Bidders Day	Tue 14/06/16	
Project Board Meeting	Thu 19/05/16	Thu 30/11/17
Project Board Meeting	Thu 30/06/16	
Final date for Bidder Submissions	Wed 06/07/16	
Competitive Dialogue Training	Mon 11/07/16	
Client PQQ Evaluation Period	Thu 07/07/16	Fri 22/07/16
Intend Training for PQQ Evaluators	Fri 08/07/16	
Competitive Dialogue Training	Mon 11/07/16	
Staff Briefings	Mon 18/07/16	
PQQ Procurement Moderation	Mon 25/07/16	Fri 29/07/16
Procurement to prepare evaluation report for Project Board	Mon 01/08/16	
Project Board Meeting - to agree Longlist of Bidders (Procurement to attend)	Fri 05/08/16	
Members Briefing on Outcome of PQQ evaluation	Wed 10/08/16	
Procurement to send out letters to successful & unsuccessful Bidders	Wed 10/08/16	
Stock Condition Survey data available in Data Room for Bidders (based on 30% completed surveys)	Wed 10/08/16	
Stock Condition Survey cloned data available in Data Room (Based on 30% completed inspections for purpose of 20 year HRA Business Plan Budget Profile)	Wed 10/08/16	
Communications - Briefing note issued to R&M Panel and Resident Board/Staff Briefing in Neighbourhood News - Update on Progress	from 11/08/16	
Procurement Review of Final docs for ISDS	Mon 08/08/16	Thu 18/08/16
Issue ISDS	Fri 19/08/16	
Dialogue Stage 1 Period	Tue 30/08/16	Thu 29/09/16
Stage 1 Competitive Dialogue Introductory Session with all Bidders	Wed 24/08/16	
Stage 1 First Competitive Dialogue	Wed 31/08/16	Fri 02/09/16
Project Board Meeting	Tue 06/09/16	
Stage 1 Second Competitive Dialogue	Wed 14/09/16	Fri 16/09/16
Stage 1 Third Competitive Dialogue	Tue 27/09/16	Thu 29/09/16
Dialogue stage 1 closes	Fri 30/09/16	
Deadline for Bidders Questions	10/10/2016	

ISDS Evaluation Training by Procurement	Tue 11/10/16	Fri 14/10/16
Stock Condition Survey data available in Data Room (60%)	Wed 12/10/16	
Deadline for ISDS Submission	Mon 24/10/16	
ISDS Evaluation Period	Tue 25/10/16	Fri 18/11/16
Project Board Meeting	Thu 27/10/16	
Procurement Moderation of ISDS	Mon 14/11/16	Fri 18/11/16
Procurement to prepare evaluation report for Project Board	Mon 21/11/16	
Procurement prepare feedback letters for Bidders	Mon 21/11/16	
Project Board - Agree shortlist of Bidders (Procurement to attend)	Tue 22/11/16	
Members Briefing on Outcome of ISDS evaluation	Thu 24/11/16	
TUPE Staff Briefing	Fri 25/11/16	
Procurement to send out letters to successful & unsuccessful Bidders and commence Stage 2 Dialogue with remaining 3 bidders	Fri 25/11/16	
Comms - face-to face briefing with R&M Panel/Residents Board & Staff Briefings	Tue 29/11/16	Tue 29/11/16
Dialogue Stage 2 period	Wed 30/11/16	Fri 25/01/17
Stage 2 First Competitive Dialogue (A,B,C)	Wed 30/11/16	Fri 02/12/16
Site Visits by SBC	Mon 05/12/16	Fri 09/12/16
Stage 2 Second Competitive Dialogue (A,B,C)	Wed 14/12/16	Fri 16/12/16
Stage 2 Third Competitive Dialogue (A,B,C) (includes presentation to Residents)	Tues 10/01/17	Thur 12/01/17
Stock Condition Survey data available in Data Room (85%)	w/c Mon 09/01/17	
Members presentations	Tue 17/01/17	
Leaseholder Forum (Slough Central)	Tue 17/01/17	
Leaseholder Forum (Langley)	Thurs 19/01/17	
Stage 2 Fourth Competitive Dialogue (A,B,C)	Mon 23/01/17	Wed 25/01/17
Cabinet	Mon 23/01/17	
Leaseholder Forum (Burnham)	Thurs 26/01/17	
Dialogue stage 2 closes	Fri 27/01/17	
Procurement to send out letters formally advising Bidders of close of dialogue)	Fri 27/01/17	
Call for Final Tenders	Fri 27/01/17	Dates from this point forward to be reviewed by Project Board
Final Date for Bidder Questions	Fri 10/02/17	
Final Date for Bidder Submissions	Mon 20/02/17	
Client Evaluation of Final Bids	Mon 20/02/17	Fri 17/03/17
Procurement Moderation of Final Bids	Mon 20/03/17	Fri 24/03/17
Prepare Section 20 letters	Mon 27/03/17	Fri 31/03/17
Procurement prepare feedback letters for Bidders/evaluation report	Mon 27/03/17	
Project Board Meeting - to agree Preferred Bidder (Procurement to attend)	Tue 28/03/17	
HRA Business Plan review based on full stock condition survey data	31/03/2017	
Preferred Bidder Stage	Fri 31/03/17	
Preferred Bidder Identified - Unsuccessful Bidders notified and Preferred Bidder notified	Fri 31/03/17	
Approve & send S20 consultation letters for Printing	Fri 31/03/17	
Standstill Period commences (10 clear calendar days)	Tue 04/04/17	Thur 13/04/17
Update to CMT	Wed 05/04/17	
Members Briefing on Preferred Bidder	TBC	
Section 20 consultation (30 calendar days)	Fri 07/04/17	Sun 07/05/17
Standstill Period Ends	Thu 13/04/17	
Cabinet (Significant Decision Update)	tbc	

Review S20 responses & produce summary report	Mon 08/05/17	
Attend Residents Board	date tbc	
Attend Repairs & Maintenance Panel	date tbc	
Staff Briefing including staff in scope of TUPE	date tbc	
Contract Signature	Wed 31/05/17	
Mobilisation Period	Thu 01/06/17	Thu 30/11/17
NCS Scrutiny Panel Update Report	tbc	
Contract Start Date	Fri 01/12/17	