

Subject:	Programme for the future delivery of responsive repairs and empty property refurbishments, planned maintenance and improvement programmes, and major capital projects to council housing stock		
Date of Meeting:	13 November 2019		
Report of:	Executive Director for Neighbourhoods, Communities & Housing		
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Ward(s) affected:	(All Wards);		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 This report updates committee on the progress of the programme to set up the future delivery of responsive repairs, empty property refurbishments, planned maintenance and improvement programmes, and major capital projects to council housing stock post April 2020.

2. RECOMMENDATIONS:

- 2.1 That the Committee notes the progress with the programme which is outlined in the body of this report.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 Brighton & Hove City Council currently operates a ten year partnering contract with Mears Limited ('Mears') under which the following services and works are provided for the council's housing stock:
- Responsive repairs and empty property refurbishments
 - Planned maintenance and improvement programmes
 - Major capital projects
- 3.2 Following extensive consultation (detailed in section 6), a Special Housing & New Homes Committee held on 28 September 2018 and Policy, Resources & Growth Committee on 11 October 2018, the following recommendations were approved for the delivery of the above services following the expiry of the contract with Mears from April 2020:

That:

- Customer service and quality assurance services are brought in-house.
- Responsive repairs and empty property refurbishment works to council housing stock are brought in-house.
- Planned maintenance and improvement programmes are procured through at least one contract for a term of five years with the option to extend for up to a further two years.
- A multi-contractor framework agreement is procured for major capital projects with a term of four years.

For a full list of decisions please see Appendix 1.

4. KEY AREAS OF PROGRESS

4.1 The programme consists of many different interdependent workstreams. The programme is governed by a Programme Board made up of key officers working on the programme, and an Executive Board which oversees progress and provides corporate assurance. In addition to officers from Housing, we have dedicated resources from Procurement, Legal, Human Resources and Health & Safety supporting the programme. The key areas of progress are detailed below.

Setting up the in-house responsive repairs service

4.2 On 1 April 2020, approximately 160 Mears staff will transfer to the council. This includes operatives, supervisors, apprentices, call centre staff, administrative staff, and management. The staff will transfer into the council on their current terms and conditions, as the Transfer of Undertaking (Protection of Employment) Regulations 2006 as amended (TUPE) protects the terms and conditions of employment of transferring staff.

4.3 Regular engagement activities with the transferring staff has been undertaken, including quarterly all-staff meetings to update on progress of the transfer, informal drop-in sessions to allow staff to speak to members of the programme team on a 1-2-1 basis, and monthly meetings with the Mears management team.

4.4 Regular engagement with Trade Unions has also taken place, with meetings between the programme team and trade union representatives occurring monthly. This has helped to identify key areas of importance for the transferring staff, so that they can be addressed by the programme team. This includes implementing new payroll cycles to match those of transferring staff, implementing a procedure to allow operatives to continue to take their work vehicles home, and providing reassurance on the TUPE process.

4.5 A number of procurement activities are in progress to set up the responsive repairs and empty property refurbishment services, including:

- Materials supply chain, including tools
- Out of hours call centre
- Pest control services
- Uniforms and personal protective equipment (PPE)
- Sub-contractor supply chain

- Waste management services
- 4.6 The preferred delivery method for each of these areas is assessed by the programme board via written options appraisals. Where feasible, the option to deliver services directly by the council or by local suppliers is being explored in each of the procurement activities.

Planned maintenance and major capital works

- 4.7 Planned maintenance and improvement works will be delivered by a number of contractors who will competitively bid for the works. The works will be split into seven lots and contracts awarded for a five year period with the option for the council to extend by up to a further two years. The lots are as follows:
- Lot 1: Kitchens and bathrooms
 - Lot 2: Internal and external decorations and repairs
 - Lot 3: Windows
 - Lot 4: Roofs
 - Lot 5: Doors – flats and street property doors (including fire doors)
 - Lot 6: Doors – main entrance doors
 - Lot 7: Communal and domestic rewiring
- 4.8 A bidder will be able to win up to a maximum of three lots. This is to ensure that the opportunity is attractive to both large contractors, and small to medium sized enterprises, including local contractors.
- 4.9 Bidders will be evaluated on a range of questions regarding resourcing and mobilisation, performance management, value for money, quality assurance, sustainability, and social value and community wealth.
- 4.10 For major capital works, contractors will bid to be awarded a place on a framework agreement. The framework agreement will be split into two lots – one for works under £300k, and the other for works over £300k. Splitting the framework up into lots in this way will provide opportunities for small, medium, and local businesses. Up to six contractors will be awarded a place on each lot and will then competitively bid for major capital projects as they occur.
- 4.11 The procurement documents for the planned maintenance and major capital works are currently being finalised. The tender for the planned maintenance works will go out to market at the end of November, with the major capital works following at a later date.
- 4.12 In the new arrangements, the council will be responsible for specifying, tendering and quality control on all works. Customer service and quality assurance functions will also be delivered directly by the council, and any additional resource requirements required to deliver these services is currently being identified.

- 4.13 As part of the new arrangements, the council is required to formally consult with leaseholders. A notice of intention to enter into Qualifying Long Term Agreements has been sent to all leaseholders, which invites them to make written observations in relation to the proposed contracts for the planned and maintenance works, and the framework agreement for the major capital works. The consultation period is open for 30 days and will end on 4 November 2019. A consultation meeting for leaseholders was held on 10 October to discuss the proposals for the new contracts.
- 4.14 The outcomes of the consultation will be fed back to leaseholders following the end of the 30 day period, and leaseholders will continue to be consulted on future works delivered as part of the contracts.

Tenant and leaseholder engagement

- 4.15 A 'task and finish' group meets with the programme team monthly to support the programme. This group is made up of tenant and leaseholder representatives from our existing resident engagement structure.
- 4.16 The task and finish group has recently discussed topics such as key performance indicators (KPIs) for the new services, creating social value, how to communicate the changes to residents, and the options for delivering an out of hours call centre.
- 4.17 The programme team has also recently attended the Leaseholder Action Group (LAG) meeting on the 23 September, as well as the CityWide Conference on the 28 September.
- 4.18 Communication about the programme has been included in the resident magazine 'Homing In', and more direct communication methods will be used as we get nearer to April to inform residents of the upcoming changes.

Social Value

- 4.19 Social value considerations are being embedded in all areas of the programme, either through the procurement process or through the in-house repairs service. Examples include:
- Working with local colleges to provide apprenticeships, including the introduction of a bricklaying apprenticeship
 - Training for all contractors on safeguarding
 - Commitment to invest in council services where appropriate
 - Procurement of fleet in line with green technological advances
 - T-level training courses delivered through the in-house service
 - Establishment of a new resident engagement group for the in-house service.

Programme budget

- 4.20 The programme budget to set up the services for 2019/20 is £1.232M. The main areas of spend are staff costs, specialist consultancy advice including legal and procurement, and IT equipment and set-up costs.

- 4.21 The budget is monitored by the programme board who receive monthly updates on the budget and the forecast spend. The programme is currently within budget and an overspend is not anticipated.

5. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 5.1 This report updates Committee on the progress of the programme and therefore alternative options are not required.

6. COMMUNITY ENGAGEMENT & CONSULTATION

- 6.1 In developing the initial proposal approved by the Special Housing & New Homes Committee held on 28 September 2018 and Policy, Resources & Growth Committee on 11 October 2018, extensive stakeholder engagement was undertaken. The outcomes of this stakeholder engagement were presented to Members in briefings and as part of the report pack which informed the Committee decisions on the series of recommendations and alternative options for the delivery of responsive repairs and empty property refurbishments, planned maintenance programmes and major capital projects to council housing stock following the expiry of the current contractual arrangements.

- 6.2 Details of the engagement exercises undertaken to ensure that stakeholder's views were considered in determining the preferred option for the delivery of works and services in the future are outlined below.

- 6.3 Programme officers attended the following meetings to provide an initial brief of the programme and next steps for tenant and leaseholder engagement:

- Area Panels
- Home Service Improvement Group
- Leaseholder Action Group – Annual General Meeting
- Business and Value For Money Service Improvement Group

Area Panel meetings provided some initial feedback around the current contractual arrangements and raised some questions about delivery methods moving forward. Feedback was included in the March 2018 report to Housing & New Homes Committee.

- 6.4 Representatives at the Home Service Improvement Group were keen to be updated at future meetings of the progress of the programme and noted the scale of the programme.

- 6.5 The programme team presented on the programme at the Leaseholders Action Group (LAG) – Annual General Meeting in April 2018 and worked with the then newly elected LAG representatives to engage with leaseholders and collect feedback on the current arrangements.

- 6.6 The programme team then completed the following engagement activities:

- Running four workshops for tenants and leaseholders to share their views on what works well with the current service, what doesn't and what we should change in the future.
- Carrying out over 1,000 door to door surveys of tenants and leaseholders across the city.
- Running an online and postal survey for tenants and leaseholders to feedback their views.

The results of the door to door surveys and the online and paper surveys were analysed independently by ARP Research and included in the final report to Committee.

6.7 Staff and union engagement was also undertaken. Staff received regular updates on the programme through the initial phase. The programme team presented on progress with the programme at the regular all staff meetings held for the Housing Property & Investment team. In addition, the team received email briefings alongside the development of reports and the release of any public reports on the programme.

6.8 Staff workshops were held as part of the engagement work undertaken on the project. These included:

- Two workshops for Property & Investment staff and unions.
- Workshop for other housing staff.

6.9 Member and committee engagement was as follows.

- A report initiating the programme was taken to Housing & New Homes Committee (H&NHC) and Policy, Resources & Growth Committee (PR&G) in March 2018.
- A further update report was taken to H&NHC and PR&G in June 2018.

6.10 There was regular engagement with members through the Members Procurement Advisory Board (PAB) with additional attendance of lead members for Housing. Officers briefed at PAB in January and March 2018 and attended with consultants to discuss the options in detail at PAB meetings in April and June 2018. A further meeting was held with PAB members in July 2018 to review the options available and identify any which should be discounted. The options discounted and the grounds on which they were discounted were detailed in the report to Special Housing Committee. The PAB meeting also considered a supplementary report produced by consultants to answer questions raised by the board. This included details about the council's market position and risk statement. A copy of this report was also included in the papers considered at Special Housing Committee. Officers also met with PAB in September 2018 to provide information on tenant and leaseholder engagement and the site visits undertaken by the programme team.

6.11 All Members were invited to an open question session which was held on 21st August 2018. A detailed discussion took place with those in attendance covering the following areas:

- Tenants and leaseholder engagement and feedback

- The remaining timeline
- The delivery options available, costs and contract terms.

6.12 Ongoing tenant and leaseholder engagement is detailed in the body of this report in section 4.

7. CONCLUSION

7.1 This report updates committee on the key areas of progress of the programme to ensure services are in place for April 2020 to deliver the recommendations approved at Special Housing Committee in September 2018 and Policy, Resources & Growth Committee in October 2018. The programme team along with colleagues in Housing and other corporate services, are focused on delivering the long term strategic objectives of the service by implementing the programme plan and managing the associated risks and opportunities.

8. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

8.1 In preparation and support of the budget setting process for 2020-21, Finance have reviewed the current HRA budget allocated to the current contract arrangements and compared this to the estimated future costs of the in-house service.

8.2 Whilst assumptions have been made around the cost of materials and use of subcontractors, provisional estimates show that the future costs are broadly in line with the current HRA budget allocated to the partnership contract. However, work is on-going and the most up to date costs for this service will be incorporated into the HRA budget for 2020-21 reported to Housing Committee in January 2020.

Finance Officer Consulted: Monica Brooks

Date: 31.10.19

Legal Implications:

8.3 There are no direct legal implications arising from this report which is for noting. The legal implications in relation to the original recommendations for the programme were provided in the report which went to PRG Committee in October 2018.

Lawyer Consulted: Isabella Sidoli

Date: 29.10.19

Equalities Implications:

8.4 There are no direct equalities implications arising from this update report.

Sustainability Implications:

8.5 There are no direct sustainability implications arising from this update report.

SUPPORTING DOCUMENTATION

Appendices:

1. Decision record from Policy, Resources & Growth committee 11 October 2018, and Special Housing Committee on 28 September 2018.

Documents in Members' Rooms

None

Background Documents

None

**Brighton & Hove City Council
Policy, Resources & Growth Committee
4:00pm 11 October 2018
Council Chamber, Hove Town Hall**

Options for future delivery of housing repairs, planned maintenance and capital works

Resolved: That the Committee:

Customer service and quality assurance

- (i) Agreed that the customer service and quality assurance services are brought in-house and delivered by the council following the expiry of the current contractual arrangements;

Responsive repairs and empty property refurbishments

- (ii) Agreed that responsive repairs and empty property refurbishments works to council housing stock are brought in-house and delivered by the council following the expiry of the current contractual arrangements;
- (iii) Approved a 'set-up and mobilisation' budget of £0.112m for 2018/19 funded by an in-year virement transferring this budget from the capital financing costs budget in the Housing Revenue Account (HRA) and the creation of an earmarked 'set-up and mobilisation' reserve of £0.982m for use in 2019/20 funded from HRA general reserves;

Planned maintenance and improvement programmes

- (iv) Approved the procurement of at least one contract for the provision of planned maintenance and improvement programmes to council housing stock with a term of five years with the option to extend for up to a further two years;

Major capital projects

- (v) Approved the procurement of a multi-contractor framework agreement for major capital projects with a term of four years;

Specialist works

- (vi) Noted that the specialist works will continue to be delivered through individual contracts, with reports coming back to committee for authority to procure and award such contracts if required in accordance with the council's Constitution;

Delegation

(vii) Granted delegated authority to the Executive Director Neighbourhoods, Communities & Housing to:

- (1) Commence the procurements and award the contracts required to implement the recommendations;
- (2) Use the 'set-up and mobilisation' budget to create and appoint to new roles to enable these recommendations to be delivered;
- (3) Award call-off contracts under the major capital projects framework agreement
- (4) Take any other steps necessary to implement the recommendations in this report

(viii) Affirmed its intention to review whether further elements of the services and works may be brought in-house in such a way that any timescales would ensure thorough preparation and a smooth transition.