

<b>Subject:</b>	<b>Contractors Framework – Housing Repairs &amp; Maintenance</b>	
<b>Date of Meeting:</b>	<b>23<sup>rd</sup> June 2021</b>	
<b>Report of:</b>	<b>Executive Director Housing, Neighbourhoods and Communities</b>	
<b>Contact Officer: Name:</b>	<b>Eddie Wilson</b>	<b>Tel: 01273 293669</b>
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<b>Ward(s) affected:</b>	<b>All</b>	

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

- 1.1 It was agreed by the Housing & New Homes Committee and the Policy, Resources & Growth Committee in 2018 to bring the responsive repairs and empty property refurbishments service in house when the contract expired with Mears on 1st April 2020. As previously reported to Housing Committee, in order to bring the Housing Repairs and Maintenance services in-house, the council has continued to utilise the Mears sub-contractor supply chain for an initial period, many of these sub-contractors being local SMEs (small and medium sized enterprises). The purpose of this report is to present the current contractor requirements of the Housing Repairs & Maintenance service and to seek approval for the procurement of these works and services.

**2. RECOMMENDATIONS:**

- 2.1 That Committee approves the procurement and award of a four-year multi-contractor framework agreement for the specialist works as described in paragraphs 4.2 and 4.3 below.
- 2.2 That Committee grants delegated authority to the Executive Director of Housing, Neighbourhoods and Communities to take all necessary steps to implement recommendation 2.1 and to award call-off contracts using the framework.
- 2.3 That Committee approves the tendering of Asbestos Surveys via the Council's Construction Related Consultancy Dynamic Purchasing System (DPS)
- 2.4 That Committee approves the use of the Council Highways Works Framework for road surfacing works required in Council managed Housing car parks and garages.

### **3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 In order to enable the Repairs & Maintenance (R&M) service to be up and running by the 1st of April 2020, the council relied on the use of contract waivers to procure a works management system, a vehicle fleet and a supply chain for materials and subcontractors.
- 3.2 These decisions were made under the delegated authority agreed at Housing Committee and the New Homes Committee, September 2018, and Policy Resources and Growth Committee, October 2018, to award contracts required to implement the recommendations set out in that report.
- 3.3 Appropriate legal and procurement advice was taken and waivers were approved by the Executive Director and lead councillors on the Housing Committee in March & April 2020. Members were also informed of the intention to enter into these contracts by a report to the January 2020 Housing Committee.
- 3.3 A waiver to continue to use the Mears-approved list of suppliers, a specified list of 21 subcontractors, was agreed (Waiver CP341), as procurement of a council works supply chain was not possible in early 2020 and due to the continued use of the Mears legacy IT works management systems. The waiver for the use of contractors expires on the 31<sup>st</sup> March 2022.
- 3.4 In line with recommendations arising from Internal Audit of Repairs & Maintenance service reported to January 2020 Audit & Standards Committee and Housing Committee (20 January 2021) this procurement aligns to the agreed audit actions, that:
- The service will ensure that any additional procurements are planned in such a way to avoid the use of waivers. Procurements should be scheduled to replace the existing waiver arrangements as soon as existing contracts allow.
- The service will procure additional subcontractors to meet the requirements of the housing repairs service. Procurements will be in accordance with the councils Contract Standing Orders.
- 3.5 The Council's own separately procured IT system, Northgate Housing Contractor portal, is scheduled to go live in the summer of 2021, allowing for the procurement of a contractor solution for the Council to enter into contracts with all the additional services required by the Repairs & Maintenance team. With the Northgate Housing Contractor portal in place, the service will be able to issue works and payments to contractors.
- 3.6 There are a number of areas of works and services that need to be procured separately within the service, and there are additional opportunities for other Housing services to use the contractor framework mechanism to compliantly meet their contractor needs in future.

#### 4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 The procurement of a framework mechanism for the repairs and maintenance service to contract with various multi-trades, has 4 main objectives:

- Provide a compliant process for the service to issue works orders to contractors when needed. This is typically needed because either:
  - i. the works contracted out are of a specialist nature that cannot be met from within the existing in sourced Repairs & Maintenance Service direct labour, or,
  - ii. the works are required to provide additional support to the insourced service to meet the demand on the service.
- For key areas such as empty property (void) repairs the procurement will establish a contracted programme of works to be allocated to contractors, to allow interested contractors to allocate sufficient resources to meet this demand.
- To engage the local supply chain of contractors to help meet the council's requirements and to ensure the local economy is prioritised whenever possible.
- To provide the service with a diverse and reliable pool of contractors that can work with the service in an agile manner, to deliver improved outcomes for all residents in Council managed housing stock.

4.2 The framework will have 8 Lots for each work type with a maximum number of contractors per Lot as set out in table 4.2. The framework is anticipated to have a value of £16,000,000 over the four-year term. The contracts required by the service with the anticipated annual spend and proposed number of contractors is set out in the table below:

<b>Work Type</b>	<b>Anticipated Annual Spend</b>	<b>Maximum No. of Contractors Proposed</b>
Void Repairs (ready for Re-let at Lettable Standard)	£1,275,000	3
Additional R&M support -General Building, Masonry, Carpentry, Plastering)	£625,000	3
Scaffolding	£500,000	2
Asbestos Removal	£450,000	2
Damp & Condensation works	£340,000	2
Window & Door Repairs	£360,000	2

Clearance & Environmental Cleans*	£300,000	n/a
Roofing Repairs	£150,000	2
Floor Fitting	£125,000	1

- 4.3 The framework agreement would have a Lot for each of the areas above with the exception of Clearance & Environmental cleans\* (as this would be included within the Void Repair specification).
- 4.4 Where Work Types are awarded to more than 1 contractor, jobs will be allocated equally between the contractors with spend monitored to ensure the total value of jobs is within the contracted parameters. Allocating works to multiple contractors will allow for more interest from local SME's.
- 4.5 Performance management would be monitored by the service, with allowances in the allocation process to adjust the number of jobs issued to a contractor where Key Performance Indicators (KPIs) fall below the required standard.
- 4.6 The service currently operates using multiple contractors, to carry out the same Work Types. This method of allocating works mitigates against the poor performance of one contractor impacting the whole of the service.
- 4.7 A maximum number of contractors is set for each Work Type, to ensure the commercial viability of each contract for the successful contractors. A Market Engagement event will be held prior to the issue of tender documents to obtain feedback from bidders on the proposed Work Type allocation.
- 4.8 In addition to the works above, the following areas also require contracts that Committee is requested to approve by existing Council Frameworks or Contracts:

Work Type	Anticipated Annual Spend	Maximum No.of Contractors Proposed	Procurement Route
Asbestos Surveys (including communal parts)*	£250,000	2	Call-off Competition from the Council's Dynamic Purchasing System (DPS) For Construction Related Consultancy, Lot 2 – Asbestos Surveying
Car Park & Garages Repairs*	£110,000	1	Use of the Council's Highways Contract

- 4.9 The total 4-year value of the framework to Brighton & Hove City Council (BHCC) is anticipated to be £16,000,000.
- 4.10 The framework agreement would specify how many contractors are to be appointed in line with the column above and would set out the allocation process for the works at the outset (based on an equitable split of the works value). This

will allow contractors certainty to plan their resources to the level required by the service and will ensure clarity on contract performance from the start of the contracts. Feedback from suppliers will be obtained as to how they would prefer to have the works allocated, following a market engagement day, that will be factored into the final tender documents.

- 4.11 By allocating the work areas to more than one contractor, it is anticipated that there will be more incentive for local Small Medium Enterprises (SME) to apply for the framework, and allows the service to manage the risk of single contractor failure and the need for back-up contractors if required. The service is experienced at working with multiple contractors.
- 4.12 The framework would also allow for call-offs were works to arise that are outside the day-to-day requirements of the service.
- 4.13 Use of contractors will always be required to meet the ebbs and flows in demand, specialist works and to provide flexibility for the service to carry out repairs. In the 2018 Committee reports it was noted that use of sub-contractors, under the contract with Mears, accounted for up to 90% of void works. Should we wish to reduce this to a lower percentage (50% was mentioned in the September 2018 Committee reports), the service would require additional staff to be employed directly by the Council.
- 4.14 The report recognises that there is scope for the void works that are contracted out to be reduced if the numbers of directly employed operatives are increased. However, this would not be possible to implement in time for April 2022 when this contract needs to be in place.
- 4.15 Over the 4-year framework term, the contacted spend could be reduced with the recruitment of additional directly employed labour. Full value analysis of additional staff numbers would be required prior to any further recruitment to ensure budgetary implications are considered.
- 4.16 A number of the works areas required under this framework are of a specialist nature which cannot be met by the directly employed operatives. These include Asbestos Removal and scaffolding which require specialist qualifications, licensing and equipment that are not budgeted for within the service.
- 4.17 An options appraisal for alternative Procurement methods was presented to the Procurement Advisory Board (PAB) on the 14<sup>th</sup> June 2021 (Section 13 of the PAB report, included as Appendix 1 to this report).

## **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 In developing the proposals for the future of the Housing Repairs & Maintenance services 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 previous contractual arrangements.

- 5.3 This report will be presented to the Procurement Advisory Board (PAB) on the 14<sup>th</sup> June 2021. The board recommendation will not be known at time of publication but can be advised during the Committee meeting.

## 6. CONCLUSION

- 6.1 The procurement of contractor framework will allow the service to compliantly deliver the range of works and services that are needed. Splitting the works into individual lots and allocating more than one contractor will also allow greater access to Small, Medium, Enterprises (SME's) who wish to bid.
- 6.2 If the recommendations are approved, it is anticipated that the framework will be live in April 2022.

## 7. FINANCIAL & OTHER IMPLICATIONS:

### Financial Implications:

- 7.1 The total estimated value of the contractor framework over the 4 years is set out in section 3.3 of the report, which includes both spend against HRA stock and the General Fund (Temporary Accommodation and Seaside Homes).
- 7.2 It is anticipated that overall costs will increase due to the fact that the schedule of rates currently in operation is over 10 years old and the full financial implications of the framework contract will need to be factored into future annual budget setting and closely monitored as part of this year's budget monitoring process.
- 7.3 Section 4 of this report looks at the future option of providing more works in-house rather than sub-contracting the works. This will need a full cost benefit analysis so that the financial implications are fully explored prior to any decision.

*Finance Officer Consulted: Monica Brooks Date:01/06/2021*

### Legal Implications:

- 7.4 The proposals set out in the report are compliant with the Council's Contract Standing Orders and the procurement regulations.

7.5

*Lawyer Consulted: Alice Rowland Date: 24/5/21*

### Equalities Implications:

- 7.6 The tender documents will include questions that ensure the bidders address all equalities considerations, both as a business and through evaluation of how they will engage with residents to ensure they give consideration to the diversity of the city's population.

7.7 Contractors will be expected to carry out their works in line with the Council's Fair & Inclusive action plan.

Sustainability Implications:

7.8 This project links to the following corporate principles and priorities, and outlined in the Corporate Plan and delivered through the Housing, Neighbourhoods and Communities Directorate Plan:

- A city to call home  
1.4 Improve council housing
- A sustainable city  
Become a carbon neutral city by 2030

7.9 By running our own framework, the Council can specify sustainability requirements to match our corporate priorities, including the use of sustainable timber/steel and other requirements.

7.10 All bidders will be required to answer specific questions on their sustainability priorities that will be evaluated as part of their tender submission.

Brexit Implications:

7.11 None known

Any Other Significant Implications:

7.12 None

Crime & Disorder Implications:

7.13 None

Risk and Opportunity Management Implications:

7.14 Contracting with multiple companies presents challenges in ensuring that works are allocated as set out in the tender documents. The service will be required to monitor closely the allocation of works. The allocation process will be defined prior to publication of the tender, taking into account feedback from the market. Contract reviews will take place regularly and will include details of all work offered under the framework to ensure fair distribution.

There is a possibility that costs will increase due to the age of the schedule of rates currently used, being over 10 years old. Mitigation against this risk is that it ensures contractors can be performance measured against a modern schedule of rates. The maximum number of contractors in each Lot will require bidders to submit pricing cost at tender that are commercially competitive.

Public Health Implications:

7.15 None

Corporate / Citywide Implications:

7.16 This project links to the following corporate principles and priorities, and outlined in the Corporate Plan and delivered through the Housing, Neighbourhoods and Communities Directorate Plan:

- A city to call home
  - 1.4 Improve council housing
- City working for all
  - 2.1 Build Community wealth
  - 2.3 Support local businesses and charities
- Council Attributes
  - 7.7 Working in partnership

**Appendices –Procurement Advisory Board report, 14<sup>th</sup> June 2021**