


<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>CABINET</b></p> <p style="text-align: center;"><b>7 OCTOBER 2019</b></p>	
<p><b>PROCURING AND DELIVERING A LONG-TERM REPAIRS AND MAINTENANCE MODEL FOR HAMMERSMITH AND FULHAM</b></p>	
<p><b>Report of the Cabinet Member for Housing – Councillor Lisa Homan</b></p>	
<p><b>Open Report with Exempt Appendices</b>  Appendices 1 to 5 are exempt from disclosure on the grounds that they contain information relating to the <b>financial or business affairs of a particular person (including the authority holding that information) under paragraph 3</b> of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information</p>	
<p><b>For Decision: Yes</b></p>	
<p><b>Key Decision: Yes</b></p>	
<p><b>Consultation</b>  Finance, legal services, commercial &amp; procurement, social value, risk, equalities</p>	
<p><b>Wards Affected: All</b></p>	
<p><b>Accountable Director:</b> Jo Rowlands – Strategic Director for the Economy</p>	
<p><b>Report Author:</b>  David McNulty  Assistant Director, Operations</p>	<p><b>Contact Details:</b>  Tel: 07867 160527  E-mail: david.mcnulty@lbhf.gov.uk</p>

## 1. EXECUTIVE SUMMARY

- 1.1 The Council has made significant progress in transforming its housing repairs since the launch of the new repairs model in April 2019. This model is made up of H&F Maintenance which undertakes communal repairs, supported a dedicated in-house Customer Service Centre, three general repairs providers based in the north, centre and south of the borough and specialist providers (for gas, electric and asbestos) across the borough.
- 1.2 These major changes have successfully operated since April 2019. The Council has maximised the opportunity to improve the quality of the service

and confidence of residents in the delivery of repairs services. The implemented model has provided insight and learning from the six-months of operation to refine the model and base the long-term procurement.

- 1.3 This report sets out the framework and timetable for the procurement, implementation and mobilisation of the long-term model for repairs and maintenance service. A procurement strategy and business case is set out for Cabinet approval (Exempt Appendix 1). This report follows the March Cabinet report 'Costs of the interim housing repairs delivery model' which set out the interim repairs and maintenance service.
- 1.5 The future repairs and maintenance model is made-up of a number of interconnected services. This report contains plans for continued development and improvement of the in-house and externally provided functions that make up the model.

## **2. RECOMMENDATIONS**

That Cabinet:

- 2.1 Approves the Procurement Strategy and Business Case for the Council's long-term housing repairs and maintenance requirements as set out in Exempt Appendices 1 and 2. The Council will undertake a competitive procedure with negotiation (CPN).
- 2.2 Delegates authority to the Strategic Director for The Economy, in consultation with the Cabinet Member for Housing, to award all contracts procured in accordance with the Procurement Strategy and Business Case at Exempt Appendices 1 and 2, where these are procured either:
  - Through a full competitive process or, in extremis;
  - From third party framework agreements either through direct call-off or after mini-competition in accordance with the terms of the framework
- 2.3 Approves the budget allocation of up to £827,000 from the Transformation Reserve set out in paragraph 4.13 for the provision of specialist services, to include but not limited to procurement and commercial, IT systems, legal, programme management and Quantity Surveyors throughout the programme.
- 2.4 Delegates authority to the Strategic Director for The Economy, in consultation with the Cabinet Member for Housing, to award contracts for the provision of services within the budget agreed for the Transformation Reserve.
- 2.5 Approves a waiver, in relation to the decision to appoint support services as set out in paragraph 2.3 of the usual requirements of Contract Standing Orders for the Cabinet to approve a Procurement Strategy on the grounds this is in the Council's overall interests.
- 2.6 Delegates authority to the Strategic Director for The Economy, in consultation with the Cabinet Member for Housing, to amend or make changes to the

proposed packaging of services in Exempt Appendix 2 for operational reasons, where such amendments can be contained within the overall approved budget envelope and available resources.

- 2.7 Approves the extension of the interim model and associated contracts until the end of July 2020. The associated contracts to be extended are set out in Exempt Appendix 4.
- 2.8 Approves an additional one-off appropriation from the Housing Revenue Account General Reserve of up to £1.025m to fund the three-month extension of the interim model.

### **3. REASONS FOR RECOMMENDATIONS**

- 3.1 To enable the Council to meet existing commitments to tenants and leaseholders in relation to repairs and maintenance of its existing stock, to fulfil its statutory and contractual obligations and to protect the health, safety and wellbeing of residents and stakeholders.
- 3.2 To ensure provision of essential services to residents following the end of the interim contracts currently in place.
- 3.3 To comply with the requirements contained in Contract Standing Orders to seek approval for the Procurement Strategy before a procurement exercise starts for any contract over £100,000 in value.
- 3.4 The interim model was approved by Cabinet in March 2019 and provided budget provision for 12 months. To continue to provide services throughout the procurement and mobilisation period a decision is required to extend existing contracts to the end of July 2020 so new contracts can be put in place for the permanent model.

### **4. PROPOSAL AND ISSUES**

#### **Strategic context – investing in our assets**

- 4.1 This report is one of a series of reports presented to Cabinet over the course of 2019 that collectively form our overall programme to invest in and improve resident homes, our asset base and quality of housing stock and provision. These are:
  - **Details of the interim housing repairs delivery model (February 2019)** set out our ambition and plan to establish an interim repairs model that would enable the Council to improve service delivery to residents and gather insight and learning from operational delivery of the new model to inform the procurement of the model over the medium term.
  - **Costs of the interim housing repairs model (March 2019)** set out our plans for how the interim model would be funded and budgeted, putting in place the appropriate contract and budget arrangements to give the Council 12 plus 3 months to achieve the goals outlined in the February Cabinet report.

- **Asset Management and Compliance Strategy and Capital Programme (July 2019)** set out our 4-year asset improvement plan for improvement out asset base, with a focus on safety and improvement works delivering the Council's Fire Safety Plus programme.

### **Our vision for Repairs and Maintenance services**

- 4.1. Our repairs and maintenance service provide critically needed and valued services to residents. It sits at the heart of our approach to maintaining and improving housing quality, and the Council has a duty to ensure residents are safe and enjoy a good standard of living.
  
- 4.2. The Hammersmith and Fulham Business Plan represents the Council's offer to its residents and communities for the administration and has guided the Council's strategy and vision for repairs and maintenance services. The proposals outlined in this report align with our core principles as follows:
  - **Building Shared Prosperity:** Designing and delivering a high-quality, responsive and value for money repairs and maintenance service will ensure that the Council's assets are invested in and maintained. Good quality provision of repairs services will ensure residents feel confident and supported. We will maximise the financial and social return on investment of the model by incentivising providers to put forward proposals that deliver against our key social outcomes, maximising local employment, creating opportunities for local businesses to deliver repairs services and identifying apprenticeship opportunities.
  - **Creating a compassionate Council:** Residents rightfully expect to live in high-quality, well-maintained accommodation. The Council's commitment to establishing a high-quality safe repairs and maintenance service is an important way of ensuring this. When something goes wrong in one of our properties, this is often when our residents and tenants need our support the most. We will ensure our repairs service is responsive and personalised to meet needs.
  - **Doing things with residents and not to them:** Residents have a significant stake in the quality of repairs and maintenance services. They have informed us repairs and maintenance services are important to them and their experience of living in H&F managed homes. We are keen to invest in a high-quality customer experience for all tenants and residents accessing our repairs service and have invested in an in-house customer service centre to support this commitment.
  - **Being ruthlessly financially efficient:** Investment in repairs and maintenance services represents value for money as timely and early repairs and maintenance work can reduce the need for costly and length capital investment/stock refurbishment replacement programmes. Long-term recommissioning of repairs represents an excellent opportunity to drive commercial value for money through offering providers cross-cutting opportunities to provide a range of repairs and maintenance services.

- **Taking pride in Hammersmith and Fulham:** Investing in our housing stock is a key element of demonstrating our pride in Hammersmith and Fulham. A quality repairs and maintenance service will ensure residents can live in properties they are proud of, and the Council is investing in an estate residents can take pride in. The communal repairs programme undertaken by H&F Maintenance which has received positive feedback.

4.3. The Council is committed to providing a repairs and maintenance service that is high-quality, efficient and responsive to the needs of our residents. Our residents are a key partner in developing our vision for repairs services and are engaged in the future model. As a result of this engagement, we have identified the following key priorities for the long-term model, which will deliver against the administration's manifesto promises:

- Every repair should be completed to a 'quality-performance' standard, whether delivered by the Council directly or providers
- Repairs and maintenance Services should represent good value for money to residents
- Every resident should be aware of the repairs service, how to access it, and how it should work for them. This is captured in the resident handbooks, which will be shared with every resident
- The Council should get the best social return on its investment in repairs services, including identifying opportunities for young people and local businesses to be a part of the long-term solution
- Repairs and maintenance services should be sensitive and personalised around the needs of every tenant, ensuring every repair takes account of each resident's individual circumstances and requirements
- The Council should ensure the long-term model is as flexible as possible, ensuring repairs and maintenance service can develop over time.

#### **The interim model**

4.4 The interim repairs solution was put in place following the termination of the Mitie contract. The model and budget was approved by Cabinet in March 2019 and that a further report to Cabinet would set out the proposed long-term model and procurement. The interim model was developed, procured and put into operation in six months. The priority was to minimise the risk of service failure and to establish some core principles for the long-term procurement. The second phase was to be delivered in a 12 to 15-month timeframe and include as much learning as possible from the interim solution.

4.5 In considering the long-term options it is important to reflect on the successes, problems and issues from the set up and operation of the interim solution. It was inevitable given the short timescale (6 months) for putting in place the interim solution that there would be areas for revision, refinement and potentially rethinking. The following highlights the current position:

## Overview

- 4.6 General repairs provision:** the procurement of three geographically based general repairs contractors has worked well. Competition between the contractors is positive and delivery improved from the previous arrangements. To drive improvement, we are now able to benchmark and compare the service provided to each of the geographical areas. There is greater transparency of provision and performance of general repairs services, and contract management arrangements are significantly improved as a result of this change. Enhanced clienting has improved service delivery, with a greater focus on performance and quality. The Council has gathered new insight into the value for money of delivery as a result of comparing costs, volumes between areas, will mean the Council is well-placed to procure the service.

### Early performance highlights

It is too early to fully assess the major changes to the repairs service as these have only been operational since April 2019. However, there are some encouraging areas of performance from the first four months of operation this includes:

- over 95% of all jobs ordered are now completed on the first visit,
- 99% of our highest priority jobs (24hr target) are completed within target,
- 100% of forward planned repairs are completed within our targets,
- 97% of our non-emergency jobs are completed within our targets.

This performance is particularly impressive given the significant amount of legacy work presented to the service since its inception. Since starting we have received 28,122 jobs (Apr-Jul 19), a significantly higher number of jobs than anticipated based on data received from the previous contractor.

**Conclusion:** The positive feedback received and improved transparency and performance resulting from the interim model supports retaining three general geographical repairs contractors in the long-term model. In addition, with the ongoing uncertainty and implications arising from the negotiations of the UK's exit from the European Union, there are ongoing and significant risks of provider failure. This model builds in resilience to provider failure, and we will ensure contracts allow for any of the three providers to cover other areas in the event of an unexpected contract termination.

- 4.7 Hammersmith and Fulham Maintenance:** the Council's newly formed in-house service team has delivered on its initial expectations and has enabled the Council, for the first time, to invest in a high-quality and responsive communal repairs programme. Resident feedback on the quality of the service provided by this team is positive. Its flexibility means it is adding value by delivering handyperson services to sheltered housing, a step-change in communal repairs, estate inspections follow-on works, complex repairs and actions identified from Fire Risk Assessment works.

### Early performance highlights

- H&F Maintenance has delivered over 4,200 repairs from April to July.

- It was accredited under the National Inspection Council for Electrical Installation Contracting (NICEIC),
- It is seeking further professional accreditation to undertake key elements of our specialist inspection and specialist work programmes.
- The service has delivered a significant amount of legacy work.

These developments represent an excellent opportunity to demonstrate the value of in-house delivery and the benefits to residents this can bring.

**Conclusion:** While the service is newly formed, the development and future growth of H&F Maintenance needs to happen in a phased way with its role expanding in line with the growth in its potential capacity and capability. For this reason, the various services being procured will have sufficient contract flexibility to allow specific additional services and functions to be undertaken by H&F Maintenance over time. A business plan for the service is being developed as to how it will deliver a wider offer across housing and estates, in line with the long-term model. There is scope to extend beyond its core focus, the wider delivery of services to estates, and elements of the wider repairs and maintenance model. There is a specific opportunity to explore providing the wider asset management support services across the Council, particularly facilities management services.

- 4.8 Customer Service Centre (CSC):** The implementation of the in-house CSC represents a significant achievement. It enables full visibility and control of customer experience across repairs services. Residents have responded positively to this at a recent 'Residents Voice' and 'Summer Roadshows', that the customer service centre is responsive and helpful and understanding a repair. The in-house customer service centre provides employment opportunities to staff internally and residents. Approval of the long-term approach to repairs provides a platform for continuing to develop a high-quality customer experience for all residents contacting housing services.

#### **Early performance highlights**

- 90% of residents find customer service operatives helpful.
- The call-back function has been positively received by residents
- Over 30 compliments have been made about the service

**Conclusion:** The continuous review of the service is showing benefits with residents reporting an improved customer experience, particularly on the end-to-end completion of repairs jobs. Residents have fed-back the future repairs service should be with an on-going commitment from the Council to manage excellent customer contact. Residents are keen to see the Council pilot new ways of contacting the call-centre, ranging from permanently embedding the call-back function and investing in new ways of reporting repair enquiries. We are actively developing digital reporting applications which will be mobile accessible to all residents, online reporting forms and tools, expanding our e-mail contact offer and piloting the use of reminder texts. The customer service centre is exploring opportunities to pilot an extension of opening hours to support periods of significant demand, such as evenings and weekends.

These elements of resident input and feedback provide opportunities that are being actively explored by the customer service centre business plan.

- 4.9 Specialist providers:** Specialist contracts were put in place to ensure the Council meets its health and safety compliance priorities. Having individual contracts in place for individual specialist services provides the Council greater assurance and oversight of compliance. These services are being reviewed to capture learning as well as wider best practice.

#### **Early performance highlights**

We've seen significant improvements in the performance of our specialist repairs contracts.

- 100% LGSR annual certification.
- 98% of our priority gas repairs (24hr) are completed within target.
- 99% of non-emergency gas jobs have been completed within our targets.
- 92% of gas repair jobs are now completed within one visit.
- 100% of our urgent electrical door entry repair jobs have been completed within 24 hours.

These achievements are set against a backdrop of significant legacy demand.

**Conclusion:** The broad direction of specialist contractors will be maintained for the long-term. The list of services to be procured is set out in (Exempt Appendix 1) to this report. Where frameworks were used under the interim model and had generic specifications these will be rewritten to LBHF requirements. Opportunities to get best value from the procurement process by combining or re-defining the service structure are now included in the procurement strategy.

- 4.10 Commercial model:** The simplified arrangements of the higher repair limit and average void cost is easier to manage in the interim model has allowed Council staff to focus on getting the new team in place and the model mobilised. Initial analysis indicates over the course of 5-year contracts, this will result in reduced costs of provision which can be re-invested in stock. This approach has put the focus back on the speed and quality of delivery, ensuring that financial controls are still in place for the most costly and complex repair jobs. The costs of the new model are in line with expectations however number of jobs being raised higher than anticipated. Monthly contract meetings are taking place with all suppliers, which is providing the opportunity to resolve issues and drive improvements in service.

**Conclusion:** The simplified model and strengthened contract management has improved the commercial governance of repairs spend. The overall costs of the model are expected to be in line with expectations. However, it is too early to determine accurate spend level as the number of jobs raised is higher than forecast. Work is underway to project the future costs of the long-term service (summarised at 4.12).

- 4.11 Technology and systems:** A number of key interim system solutions were implemented to facilitate the interim model. The move from a single provider,



to a model of over 20 contractors, an in-house service team and a completely new in-house customer service centre was a significant challenge for ICT. There are two main elements of the future programme to be delivered, a) the ongoing improvement and implementation of the system architecture put in place to support the interim model, and b) the eventual change to be brought about when a new Integrated Housing Management System is implemented.

**Conclusion:** The implementation plan for these changes is driven by two considerations. Firstly, the Council is currently commissioning an integrated housing management system (agreed by July Cabinet), which is running concurrently to this process, but will be mobilised at a later date to the implementation of the repairs and maintenance model. This means the interim systems and technology arrangements in place currently will need to be 'rolled over' into the long-term model. Once the new integrated housing management system is implemented, this will result in a change to provider's systems and processes to integrate. Appropriate commercial terms are built into specifications across all lots, that make clear to providers that systems change and integration will be managed in two phases and costs of this should be factored in by providers. The intention being to ensure minimal future commercial negotiation between the Council and providers to implement systems changes. The dependency between this project and the integrated housing management system will be closely managed.

#### 4.12 **Budgets, Costs and the Commercial Model**

**Revenue budget:** Learning from the interim model has highlighted the previous contract for the delivery of repairs and maintenance likely represented an underinvestment in the Council assets with a low specification for key parts of the service under the previous contract. This is evidenced by the significant amount of new repairs requests experienced by the service on the launch of the new model. In addition, a higher quality standard for voids is being developed for the future model. The existing standard under the old service was very low. This has led to the average number of repairs against newly let properties being above what would normally be expected. There are also a higher number of complaints from tenants who move into newly let properties. Developing the specification so that it presents an opportunity to invest in the stock and improve resident satisfaction should reduce the number of responsive repairs and reduce reactive costs.

The Council has made proactive policy decisions to invest in repairs and maintenance services. Specifically, the decision to invest in an in-house customer service centre, the creation of H&F Maintenance to deliver a new communal repairs programme, and a greater focus on compliance works delivered through specialist contractors.

Work is underway to model the future projected long-term costs of repairs and maintenance model. The next phase of the programme will focus on establishing a) what the full first-year of demand, work and requests are, building in the work we know is required to bring our buildings back to a baseline of maintenance and compliance, b) driving as much commercial and

financial value through the competition with negotiation process to ensure as much funding made available for repairs and maintenance is spent improving the quality of housing, and c) building a true 5-year budget model for the service to maximise investment in a high-quality repairs and maintenance service. This will be incorporated into the Council's HRA business and financial plan and the 2020/21 budget for the 2020/21 financial year.

- 4.13 **Transformation Reserve:** additional support will be required to deliver the long-term repairs and maintenance model. Given the procurement approach proposed by Corporate Procurement additional commercial and procurement advice will be required to manage and support the delivery of the new contracts. This investment will be vital to ensure that the contracts deliver quality and represent value for money given the length of contracts which are being proposed. Additional capacity is required to deliver the technical system changes and ensure that these are built into the specification which will enable the Council greater control over the clienting of contracts.

Where possible costs will be contained within existing budgets but specialist support for the programme is required. Cabinet is asked to approve this spending for the upcoming period. It includes a procurement team to manage the complex tender evaluation and negotiation and a specialised project management team responsible for delivering the procurement and mobilisation of the new model. Total project costs for 2019/20 are estimated to be £537,000 and £290,000 for 2020/21. A high-level breakdown of these costs is set out below. It is recommended that this funded by uncommitted balances on the Transformation reserve.

Task	2019/20	2020/21	Total Projected Cost
	£000s	£000s	£000s
Procurement Team	318	173	491
Specialist Programme Team	200	101	301
Legal Services	13	13	26
ICT Business Analyst and Procurement Evaluation Support	6	3	9
<b>Total</b>	<b>537</b>	<b>290</b>	<b>827</b>

- 4.14 **Competition with negotiation (CPN):** the proposed procurement approach is Competition with Negotiation, is preferred owing to the complexity of the contracts being procured. This is a restricted procedure to allow negotiations to improve the quality of the contracts while providing value for money. The timeline will comprise a pre-qualification selection whereby the Council only takes forward bids from companies that pass compliance against minimum standards. Tenders from only compliant bids will be evaluated against quality and price criteria, with a further stage of negotiation if necessary.

The negotiation can only be on bidders' tenders to improve their content. It is possible some of the lots will move straight to award without negotiation where a bid clearly provides the best value and service levels. The Council has previously used this approach on its leisure service contracts.

## **5. NEXT STEPS**

5.1 Procure long-term contractors to work alongside the new in-house service from July 2020. These contractors will undertake:

- Responsive repairs and voids (three contractors by region)
- Complex Works
- Gas (including Landlord Gas Safety Checks)
- Electrical (including Electrical Installation Condition Reports)
- Asbestos removal

5.2 Procure a range of required services to support the planned works and compliance workstreams and the customer service centre, including:

- Asbestos Surveyors (must be separate from asbestos removals)
- Out of Hours Call Handling
- Materials and Goods

5.3 Procure solutions to the H&F Maintenance's goods and fleet requirements.

5.4 This report seeks approval in accordance with Contract Standing Order 8.12 for the Business Case and Procurement Strategy for the long-term contracts.

## **6. OPTIONS AND ANALYSIS OF OPTIONS**

6.1 A Service Review Team (SRT) has undertaken a service review in accordance with Contracts Standing Orders. Exempt Appendix 1 sets out the commercial and procurement option with an analysis of these.

## **7. CONSULTATION**

7.1 Regular consultation and discussion on the shape of the repairs model has taken place through existing resident forums. The resident voice meeting in July focussed exclusively on resident feedback on the interim repairs model, attend by over 40 residents. This was followed up in the Summer of 2019 with 15 road show events taking place across the borough, this asked residents for their views on the new repairs service. Views were also captured at a number of resident consultation events in the autumn 2018 which informed the interim model. The Repairs Working Group and Housing Reps Forums have also regularly been updated on the new repairs model. All of these views were possible will help shape the specification of the new contracts.

7.2 In line with the Council's commitment to work with residents it is proposed in the procurement strategy to directly involve residents in the evaluation of the

repairs bids received. Residents will be from residents already engaged through existing forums. A training programme will be put in place for any resident who takes part.

- 7.3 As set out in Exempt Appendix 1 the Council will consult with residents. In particular, there is a statutory obligation to consult with leaseholders in order to recover, wherever possible, the costs of works carried out under the contracts.

## **8. EQUALITY IMPLICATIONS**

- 8.1 As required by Section 149 of the Equality Act 2010, the Council has considered its obligations regarding the Public Sector Equality Duty and it is not anticipated that there will be any direct negative impact on groups with protected characteristics, as defined by the Act, from these proposals.

*Implications verified/completed by: Implications completed by: Fawad Bhatti, Social inclusion Policy Manager, tel 07500 103617.*

## **9. LEGAL IMPLICATIONS – CONTRACTS AND PROCUREMENT**

- 9.1 The Council is obliged when letting contracts of this size to undertake a procurement in accordance with the Public Contracts Regulations 2015. The proposed recommendation complies with these requirements and the Council's Contract Standing Orders.
- 9.2 There is a proposed delegation of the Contract Award to the Strategic Director for the Economy, which is necessary as it is not specifically provided for in Contract Standing Orders.
- 9.3 The chosen procedures for the procurement of both the repairs and consultancy contracts are set out in detail in the Business Case and Procurement Strategy at Exempt Appendix 1. The Council is also under an obligation under the Public Services (Social Value) Act 2012 to consider how the letting of these contracts can benefit the social, economic and environmental well-being of their area. These are factors which will be considered and built in to the contract and procurement documents.
- 9.4 There is potential for staff transfers under the Transfer of Undertakings (Protection of Employment) Regulations 2006 from the existing contractors to the new providers.
- 9.5 Some of the works may need to be recharged to leaseholders. It will be necessary to consult with leaseholder before carrying out qualifying works or entering into a long-term contract of more than 12 months. The precise procedures for consultation is set out in the Service Charges (Consultation Requirements) (England) Regulations 2003.

*Implications completed by: John Sharland, Partner at Sharpe Pritchard  
jsharland@sharpepritchard.co.uk*

## **10. FINANCIAL IMPLICATIONS**

- 10.1 See exempt appendix 5.

## **11. IMPLICATIONS FOR BUSINESS**

- 11.1 The proposal has the potential to create local economic and social value, including many business opportunities for local small and medium size enterprises across various trades and services. The service will include economic and social value considerations in tender specifications and will utilise the Council's Local Supply Chain Programme to identify, engage and prepare local suitable businesses.

*Implications verified/completed by: Alben Karameros, Programme Manager, Economic Development Tel 020 7938 8583.*

## **12. COMMERCIAL IMPLICATIONS**

- 12.1 The procurement strategy is in line with the Council's CSOs and the Public Contracts Regulations (PCR) 2015.
- 12.2 The competitive procedure with negotiation (CPN) will allow the Council to negotiate all aspects of the contract, allowing for innovative solutions, ensuring best quality and value for money. Judging by the complexity of the works being procured, the CPN is most appropriate procurement procedure.
- 12.3 A market engagement exercise is encouraged to allow bidders to familiarise themselves with future opportunities. Moreover, it is encouraged that local companies are invited to either be encouraged to bid or network with larger suppliers and become part of their supply chain.
- 12.4. Regarding the waiver in the recommendation 2.3, the Cabinet may waive the requirements in accordance with the CSOs. However, OJEU limits must be considered and the value of the waiver should not exceed these, to ensure the Council is not at risk of legal challenges.

*Implications verified/completed by: Andra Ulianov, Interim Head of Procurement, 020 8753 2284.*

## **13. SOCIAL VALUE CONSIDERATIONS**

- 13.1 Social Value has to be considered as part of the quality evaluation in order to satisfy the requirement of the Social Value Act (2012). A minimum of 10% of the quality is recommendable for each procurement exercise.
- 13.2 It is recommended to quantify the number of activities that the supplier can deliver beyond their contractual obligation. This will improve the social, economic and environmental well-being of the local area (e.g. providing spent through contracts with local small and medium enterprises SMEs). These

measurements can then be made part of the contract's KPIs to ensure monitoring and delivery during the life time of the contract.

*Implications verified/completed by: Ilaria Agueci, Procurement Consultant, tel. 0777 667 2878.*

## **14. IT IMPLICATIONS**

- 14.1 As noted above, implementing the transitional repairs and maintenance arrangements for the Council required the Interim Repairs Programme team to work very closely with Corporate IT, The Economy's Systems team and Northgate (supplier of our current Integrated Housing Management System (IHMS) – iWorld) to deliver the transitional model within a very tight timescale. Implementing the long term model is likely to prove just as challenging, if not more, as this will run in parallel to the IHMS reprocurement, requiring the interim systems and technology that have been put in place to be 'rolled over' into the long-term model for the duration of the procurement period; and additional work to integrate any long term providers' systems and processes into the new technology solution adopted by the Council.
- 14.2 The Programme team will need to continue to work very closely with Corporate IT, The Economy's Systems team, Northgate and any replacement supplier(s) throughout to agree optimal solutions that make the most effective use of the Council's resources without sacrificing the quality of the repairs and maintenance service or compromising adherence to the Council's mandatory requirements (e.g. around Data Protection, IT security and PSN CoCo compliance). The aim will be to achieve:
- A leveraging of the existing H&F IT solution, as part of the "on-boarding" of any replacement suppliers, to minimise changes to the current Northgate provided interface solution or to the current iWorld configuration.
  - The minimising of the additional effort, by H&F and by suppliers, that will be required as part of the shared migration to the new IT solution.
  - Ensuring that any suppliers that are appointed as a result of this paper demonstrate their understanding and compliance with the Council's mandatory requirements (around Data Protection, IT security and PSN CoCo compliance) and are held accountable via any contracts with H&F (for example through the application of financial penalties).
- 14.3 IM Implications: (A) Privacy Impact Assessment(s) will need to be completed and kept up to date, to ensure all potential data protection risks around implementing the long-term repairs and maintenance model are properly assessed with mitigating actions agreed and implemented. For example, ensuring the inclusion of contract data protection and processing schedules or information sharing agreements as appropriate, and ensuring the completion

of (Cloud) Supplier Security Checklists so systems used by any suppliers comply with H&F's regulatory and Information Security requirements.

- 14.4 Any contracts will need to include H&F's new data protection and processing schedule. This is compliant with the General Data Protection Regulation (GDPR) enacted from 25 May 2018. Any suppliers appointed as a result of this report will be expected to have a Data Protection policy in place and all staff will be expected to have received Data Protection training.

*Implications verified/completed by: Tina Akpogheneta, Interim Head of Strategy and Strategic Relationship Manager – 020 8753 5748.*

## **15. RISK MANAGEMENT IMPLICATIONS**

- 15.1 The Council requires a repairs service which meets its objectives, which provides flexibility in how it manages its housing asset to deliver a higher level of resident satisfaction in its repairs service, which ensures compliance with all statutory health and safety requirements and which delivers on a range of other policies including social value and use of local suppliers. In line with the ruthlessly financially efficient priority, the Council also needs to demonstrate that the repairs service demonstrates and delivers value for money in managing and maintaining its housing stock to an appropriate standard.
- 15.2 In terminating the previous contract and putting transitional arrangements in place that would lead to a permanent in-house service team being established, officers identified a range of risks associated with managing notice and transitional periods and have updated those risks to reflect their review and learning from the first six months of the transition period, as set out in Exempt Appendix 3.
- 15.3 It is essential that appropriate project management resource and governance arrangements are put in place and that the project risks are reviewed and managed by the proposed Corporate Repairs Board. The project risk register needs to include key interdependencies with other change programmes taking place across the Council during the notice and transition period, including but not limited to the West King Street regeneration/Town Hall Decant programme and the Desktop Strategy programme, and the mitigations which need to be put in place to minimise impact on meeting the objectives of this and other programmes.
- 15.4 The Corporate Repairs Board should regularly review the appointed contractors and in-house service team performance during the transition period to enable decisions regarding early withdrawal or reprocurement of services, due to poor performance.

- 15.5 The Corporate Repairs Board will need to ensure that all new contracts are procured in line with the Public Contracts Regulations (PCR) 2015 and with the Council's Contracts Standing Orders. These actions will mitigate the risk of contract/procurement challenge.
- 15.6 Officers have identified that a further report to Members will need to set out the final repairs and maintenance budget requirements arising from the Commercial model adopted, following the completion of the upcoming procurement exercises. As set out in previous risk comments, the risks and opportunities (financial and non-financial) with the proposed operating model need to be clearly set out, once costs and structures have been finalised, both for the transition period and beyond, as do the governance and legal framework within which the DLO will operate.

*Implications verified/completed by: David Hughes, Director Audit, Fraud, Risk and Insurance Tel: 020 7361 2389*

#### **BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

None.

#### **LIST OF APPENDICES:**

Exempt Appendix 1 – Business Case & Procurement Strategy  
Exempt Appendix 2 – Overview of Lot Structure  
Exempt Appendix 3 – Risks  
Exempt Appendix 4 – Contracts to be extended by 3 months  
Exempt Appendix 5 – Finance Comments