

Appendix C – Medium term plan

1. The table below summarises the strategy for exiting the short term pilot contracts.

Contract	Purpose	Strategy	Timeline
CCR Property Services	Soil stack programme	Launch an open tender as soon as specification documents can be prepared. Tender and mobilisation should take about 6 months.	Have a new contract in place after 6 months (start of November 2022). Timeline: Spec finalised: May 2022 Pre-tender Governance: June 2022 Tender period: July 2022 Tender evaluation: Aug 2022 Post-tender Governance: Sept 2022 Mobilisation: Oct 2022 Go live: Nov 2022
Fraser Water and AJF Heating	Pipe replacement / leak rectification	Use 6 months of the pilot to gather data necessary to establish a full schedule of works (covering everything we might need) that tenderers can price against (there is possibly scope for a single Price Per Property model). Launch a competitive procedure via DPS or framework mini-competition. Efforts will be made to encourage the incumbents to join the DPS/framework so that they have a chance to continue as our providers if they can prove best value.	Launch a DPS/mini competition in November 2022 with a view to having new contracts in place by February/March 2023. Timeline: Spec finalised: Sept 2022 Pre-tender Governance: Oct 2022 Tender period: Nov 2022 Tender evaluation: Dec 2022 Post-tender Governance: Jan 2023 Mobilisation: Feb 2023 Go live: Mar 2023

2. These contracts only address a fraction of the PPM required in order to bring the borough's housing stock to standard and to reduce the demand for responsive repairs to sustainable levels. There is a particular need to invest in roofs, windows, kitchens and bathrooms, as well as address structural issues, damp and energy efficiency. In September 2021, Cabinet approved a Capital Strategy that lays out the planned investment over the next twelve years, totalling £700m.
3. The Cabinet paper also included a procurement strategy (see Appendix D) for delivering the first tranche of capital programmes. The Cabinet-approved procurement strategy is that the Council procures five additional contracts on the same model as the first Responsive Capital contract (won by Kier). These

contracts would be flexible vehicles able to cover any form of capital work over a period of 5 years, with no guaranteed work but maximum contract values of up to £50m each.

4. Pricing will be similar to the Responsive Capital contract. Bidders will be required to submit a fixed Central Overhead and Profit % that will apply to all projects. This will be capped between 3% and 10% to prevent unsustainable bids or poor value bids. Bidders will also submit a set of generic project preliminaries (primarily related to key labour roles and to key site facility/welfare costs) that will apply to all projects. Wherever appropriate, we will seek schedule of rate discounts, but the nature of the work is such that these will rarely be appropriate (given how the projects will be large and complex, whereas schedule of rates works best for very standard, routine work). Project pricing will primarily revolve around open book tendering of sub-contractors – and each contract will give LBHF strong rights to demand and scrutinise this tendering process, building on the process in the Responsive Capital contract.
5. The Cabinet-approved procurement strategy is that the contracts will be procured via Competitive Procedure with Negotiation (CPN, on the basis that the operation of the contracts is likely to be complex and require some form of negotiation in order to secure best value.
6. The medium term strategy for securing PPM contracts is therefore to utilise the existing Cabinet-approved procurement strategy. This will start with 'procurement exercise 1' described in the procurement strategy, which is to procure two Responsive Capital contracts as two lots within one exercise. This exercise will commence in summer 2022.
7. Once these two contracts are in place, they will (combined with the Kier contract) equip that the Council has three high capacity, high flexibility vehicles for delivering up to £150m of PPM. The Asset Management team will lead work to identify programmes for these to carry out from day one of mobilisation, including a plan for the greater utilisation of the Kier contract on PPM programmes.
8. If ever there are PPM programmes that are not suited to these Responsive Capital contracts, for example where there is less urgency and a greater imperative to establish Value For Money through open prime-contractor competition (as opposed to Open Book scrutiny of the contractors' competitive sub-tendering), then bespoke open tenders will be carried out. These tenders will require individual procurement strategies to be written and approved.
9. In addition, there will be further development of the Economy department's in-house 'H&F Maintenance' service ('the DLO') so that they can carry out more PPM. There is scope for the DLO to carry out elements of the soil stack programme, working in parallel with a contractor and then taking over the programme entirely. The tender for a soil stack programme contractor (described in section 10) will be designed to accommodate this growing role for the DLO. There are ongoing projects to equip the DLO to carry out windows maintenance and communal redecoration programmes in summer 2022. There

remains a need for a comprehensive Business Case, roadmap and development plan for the DLO that looks to accelerate and scale up their contribution to PPM programmes.