

**Report to:** Jon Pickstone, Strategic Director for the Economy in consultation with the Cabinet Member for Housing and Homelessness

**Date:** 02/03/2023

**Subject:** Framework Award for Disrepair Surveying support

**Report author:** Richard Buckley, Assistant Director Resident and Building Safety, Economy Department

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## SUMMARY

There are currently a significant number of live and incoming disrepair cases within the Housing Repair service and the council do not at present have enough specialist surveying resource to effectively manage these at the required rate.

Due to the urgency of the situation the council on-boarded a specialist consultancy agency Just Housing Group in July 2022 to support with the provision of disrepair surveyors in the short-term. This report ratifies their use to date and proposes an extension to their use via a direct award from the Eastern Shires Purchasing Organisation (ESPO) framework until April 2024. We are actively recruiting surveyors in a competitive market and need to maintain access to the consultancy until we onboard permanent staff. This will continue to enable disrepair cases to be effectively surveyed and managed to prevent blockages in moving these through to works order and completion stages.

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## RECOMMENDATIONS

1. To note that Appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. To authorise an extension to the existing use of Just Housing Group via a direct award from the ESPO consultancy framework through to 19 April 2024 and a value of up to £400,000.
3. To note and ratify/approve in retrospect spend of £56,050 on Just Housing Group incurred across July – Sept 2022.

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**Wards Affected:** All

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<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Building shared prosperity	Just Housing will provide social value to the borough as part of the contract, delivering at minimum 10% of the contract value once they have reached spend of £100,000.
Creating a compassionate council	Having the resource to undertake surveys on disrepair cases promptly and effectively means cases can be progressed through to works and general completion more quickly, thus ensuring we support tenants to resolve the repair issues in their homes satisfactorily.
Doing things with local residents, not to them	Surveyors have worked and will continue to work closely with residents to understand the presenting issues and the solutions they are looking for.
Being ruthlessly financially efficient	Managing disrepair cases promptly and effectively is crucial to mitigating high legal and compensation costs and keeping these to a minimum. Increased time to manage cases often leads to increased overall costs.
Taking pride in H&F	We want our homes to be in good condition and to provide safe and pleasant living environments for residents. Having a strong surveying resource in place to determine the nature of the disrepair issues and provide expertise in relation to the works required to resolve these means homes should receive the works they need to be in good condition.
Rising to the challenge of the climate and ecological emergency	Understanding and setting out works required to resolve disrepair issues will in some cases support climate and environmental outcomes – for example by mitigating heat loss in a property through the replacement of windows, or insertion of insulation. When considering and raising works required surveyors will always consider the most environmentally friendly and suitable way to do these.

## **Financial Impact**

### Rationale

Due to the increased caseloads including backlogs and incoming cases resulting in a significant increase in disrepairs legal and compensation cost since 2020/21, the service has advised that a professional team is appointed with relevant expertise and the capability to carry out before and after inspections of works to avoid disputes and challenges.

The disrepairs cases could be complex and this will require the involvement of various parties with an associated cost element (including claimant's solicitor's costs which are mainly taken up by "no win-no fee" agents, internal legal costs, external surveys, cost controller's costs). The service plans to shorten the period taken to resolve cases so that the associated cost can be reduced. These costs can be seen below:

<b>Table 1: Disrepairs legal and compensation</b>	<b>2022/23 Budget (£)</b>	<b>2022/23 Forecast (£)</b>
Compensation-Disrepairs (Damages)	461,700	922,441
Legal cost/Fees-External (Disrepairs)	100,000	36,470
Internal recharges-Legal (Disrepairs)	83,000	580,552
<b>Total</b>	<b>644,700</b>	<b>1,539,463</b>
Forecast variance		894,763

Table 1 refers to other costs associated with disrepair claims (exclusive of the costs associated to Just Housing). This table shows the current forecast spend on disrepairs claims and associated legal and other costs. These costs will not reduce the forecast overspend and may in fact increase it initially, before the financial effect of shortened resolution periods is realised.

### Costs and Budgets

The cost of this contract will be up to £400,000 for a period of 9 months from 20 July 2022 to 19 April 2024. There is no dedicated disrepairs survey fees budget in the Housing Revenue Account because surveys were planned to be undertaken by internal surveyors funded from the existing budget.

The evidence of completed disrepairs works suggests that 80% of the cost is of a capital nature due to the significant cost and nature of works involved to bring the properties to a decent standard. This assumption also applies to Disrepairs Surveyors' fees cost, hence £320k of the cost (80% of £400k) will be expected to be capitalised. The remaining £80k will need to be funded from the revenue budget, and this will be achieved by utilising the existing revenue budget released from increasing staff capitalisation of internal surveyors.

It is expected that £320k of spend will be managed within the agreed 2022/23 capital budget envelope under General Repairs/Void and Disrepairs works stream capitalisation - £7.751m. This budget was recently increased via an internal transfer from the Fire Safety scheme underspend in 22/23. This was approved by the Asset Management Capital Board and at Cabinet in September.

### Financial Status

A Credit Safe Report for Just Housing (UK) Ltd. was run on 25/07/2022 which provided a risk score of 63, above the council's minimum requirement of 50, however the annual contract limit of £34,500 is not sufficient for the value of this proposal.

Copies of Just Housing's accounts for the years ending 31/03/2020 and 31/03/2021 were requested and an analysis of the turnover for 3 years provided an average turnover of £1,846,350. This enabled the calculation of an updated annual contract limit of £697,920 for 2022/23. This is sufficient for the value of the procurement detailed in this report.

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Verified by Sukvinder Kalsi, Director of Finance, 10 August 2022

## **Legal Implications**

The Council has a duty to undertake repairs to its housing stock as part of its duties as a landlord under the Landlord and Tenant Act 1985 and in accordance with its obligations as a housing authority under the Housing Act 1985.

The proposed award is a public services contract for the purposes of the Public Contracts Regulations 2015 (PCR) as the value is above the relevant threshold. The ESPO framework was advertised and awarded in accordance with the requirements of these regulations. The Council is entitled to use this framework and the therefore this awarded is in compliance with the PCR.

This award is a high value contract under the Council's Contract Standing Orders . The use of a suitable third party framework is a compliant method of procuring a contract of this value. The ESPO consultancy services framework allows for direct awards.

As the proposed award is for expenditure above £300,000 this will be a Key Decision and needs to be placed on the Council's key decision list in accordance with the requirements of the Constitution.

Implications prepared by: John Sharland, Senior solicitor (Contracts and procurement) email [john.sharland@lbhf.gov.uk](mailto:john.sharland@lbhf.gov.uk)  
Dated 18 July 2022

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## **Background Papers Used in Preparing This Report**

None

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## **Proposals and Analysis of Options**

1. The Housing disrepair service has a high number of current and incoming disrepair cases. Incoming cases have grown over the last 12 months with an increased wider culture of 'no win – no fee' services specifically for disrepair being publicised to tenants. This is the case across many local authorities.
2. All disrepair cases need to be assessed by a surveyor to determine the state of the problem, to recommend the works required to rectify the issue, and to make expert judgements on what settlements the council should be proposing in light of responsibilities.
3. It is crucial that the council has sufficient resource to deliver this service promptly and effectively – as it enables the case to progress through to the

works stage, provides the council with a judgement in terms of settlements, and provides an expert response to the independently carried out surveys conducted by a representative of the resident.

4. The roles are required to both inspect and casework disrepair cases through to satisfactory completion.
5. Having in place well-qualified, competent surveying resource can support cases to minimise eventual cost outlays on legal and compensation costs, as well as ensure that the right works are done for the resident to have a safe home in good condition.
6. Prior to summer 2022 the Housing disrepair service did not have in place a suitable amount of surveying resource to achieve this and had struggled to recruit, with the labour market very stretched in this particular area – as a result there was a growing backlog of cases to be inspected.
7. To accelerate progress in the short-term, the service urgently on-boarded a consultancy agency Just Housing Group in July 2022 to provide specialist surveyors able to inspect and casework manage disrepair cases. The intention is to now ratify their use and extend this through to mid-April via a direct award from the ESPO consultancy framework.
8. This enabled the service to have additional resource start at very short notice and will enable them to continue with this resource, whilst in parallel continued attempts to recruit to permanent positions take place.
9. We are proactively recruiting surveyors in a competitive market and need to maintain access to the consultancy till April as we onboard permanent staff.
10. Just Housing Group are a consultancy firm who specialise in supporting with housing matters. They have previously worked with the council to help design and develop the long-term repairs model and so have a very strong understanding of the set-up and approach of the council repairs service.
11. Just Housing Group provide up to 4 surveyors to support the service as required.
12. They are on the ESPO Consultancy Services framework under Lot 8e 'Housing related support' and the extension of their use will be direct awarded the contract through this framework.

#### **Options appraisal:**

##### **Option 1: Extend the use of Just Housing Group via direct Award via a framework**

13. This is the recommended option. Direct awarding to Just Housing via the ESPO framework means that the council is able to extend the use of the consultancy agency who is familiar with the current set-up and delivery of the wider repairs service, has experience of delivering disrepair inspections for the council, and

has the expertise to deliver the resource required, whilst remaining compliant with procurement legislation.

### **Option 2: Mini-competition via a framework**

14. This approach would likely take an additional 6-8 weeks to implement during which time the backlog of inspections would be growing and placing additional pressure on the service. Although there is the potential this approach may have delivered better value for money the service is comfortable with the prices being offered by Just Housing Group and believe these to be around the general market value for this type of work. This is therefore not the recommended option

### **Option 3: Permanent recruitment**

15. This is happening in parallel to the direct award. However, it is not recommended to rely solely on this approach without extending use of Just Housing Group and awarding a contract in the interim to fill the gap in service delivery. The service has previously struggled to recruit competent and experienced surveying staff and given the time it will take to find the right candidates, interview and then onboard them (particularly given the competitive nature of this marketplace at the moment where many organisations are looking to recruit to similar positions) it is deemed pragmatic to have an interim solution to fill this gap.

### **Social Value**

16. In line with the council's social value requirements the contractor will deliver at minimum 10% social value of the value of the contract.
17. The Contractor has outlined anticipated social value commitments on the standard Themes, Outcomes and Measures (TOMS) matrix of £43,844 (representing 10.96% of potential total contract value).
18. This is predicated on donated expert consultant time to develop and submit a HACT retrofit credit application and the subsequent return in retrofit credits – this is a genuinely innovative opportunity to support the retrofit plans across the borough.
19. The provider will be required to register with the social value portal to upload evidence of commitment delivery.

### **Contract Management**

20. Day to day work of the surveyors is coordinated and managed by the Contract Manager for the Disrepairs service. The overall contract will be managed and monitored by the Head of Repairs Client Team.
21. There will be monthly management sessions to ensure the arrangement is working and that any key issues are picked up and resolved.

- 22. Services delivered are based on day rates which differ dependent upon the seniority level of the surveyor. These costs are outlined in Appendix 1.
- 23. Payment is issued monthly for all days worked that month.

### **Reasons for Decision**

- 24. To ensure the right resource is in place to effectively and promptly manage inspections and casework for disrepair cases.

### **Equality Implications**

- 28. There are no negative equality implications associated with this report.

### **Risk Management Implications**

- 29. The report recommends making a direct award from a framework, which has been competitively procured, this is in line with the objective of being ruthlessly financially efficient. Additional surveyor capacity is urgently needed to ensure that the council is able to promptly inspect and manage works to residents' homes, which is in line with creating a compassionate council.

David Hughes, Director of Audit, Fraud, Risk and Insurance, 18 July 2022

### **Social Value Implications**

- 30. It is a requirement that all contracts let by the council with a value above £100,000 provide social value commitments that are additional to the core services required under the contract amounting to at least 10% of the contract price.
- 31. Just Housing Group proposed social value measures amounting to 10.96% consisting of expert consultancy time as outlined in paragraph 17 above.
- 32. JHG will register on Social Value Portal to record measures delivered as confirmed in paragraph 16 above.

Paul Clarke, Social Value and Economic Development S106 Officer, Economic Development, 24 October 2022

### **Climate and Ecological Emergency Implications**

- 33. Surveyors play a key role in pre and post-inspecting disrepair works, determining what works are required to fulfil our landlord obligations and then ensuring that these are completed to an appropriate standard.
- 34. Specifying appropriate disrepair works (and ensuring they're completed to an appropriate standard) will often have a positive impact on climate-related outcomes by enhancing the current standard of the house e.g. through window replacements.

35. We know that a significant number of disrepair works relate to damp and mould in people's homes – so works specified will often relate to enhancing ventilation and improving insulation.
36. Surveyors will always consider the most environmentally appropriate options for works.

*Implications verified by: Jim Cunningham, Climate Policy & Strategy Lead, 7 October 2022*

## **List of Appendices**

### **Exempt Appendix 1**