

Wiltshire Council

Cabinet

17 January 2017

Subject: Housing Repairs Contract Extension

Cabinet Member: Councillor Jonathon Seed - Housing, Leisure, Libraries and Flooding

Key Decision: Yes

Executive Summary

Approval is required to extend the current contract for the delivery of responsive repairs and voids services to the council's housing stock.

The current contract was awarded in May 2013 for an initial 3 year period, with an option for up to 6 x 1 year additional extensions. E.g. max duration of 9 years in total or up to April 2022. When awarded in May 2013 there was an aspiration to reduce spend through the contract and increase delivery of repairs services internally but to date this has been limited.

The contract was extended until 30th September 2017 following an 'extension to time' certificate being issued on 5th February 2016

There are also three contracts for planned and cyclical maintenance works which were awarded on a 5 year term and are due to end in March 2018. As all of the current contracts are under review and options appraisals are being carried out to ascertain the most effective way to commission repairs and improvements to council housing stock, it is requested that the repairs and maintenance contract is extended to 31st March 2018 so that it is in line with the other contracts relating to stock maintenance.

This will allow for the options for future delivery to be fully explored and preparations made for procurement for new services to commence in April 2018.

The cost of this contract is currently included within the provisions made for providing all associated repairs and maintenance to Wiltshire Council owned Housing Stock from the Housing Revenue Account (HRA) and fully accounted for within the HRA Business Plan. The value of the contract for MD Building Services Ltd is currently set at a guaranteed minimum value of works of £1,000,000 per annum.

Proposals

That Cabinet approve the extension of the current contract with MD Building Services Ltd to 31st March 2018.

Reason for Proposals

To enable the Housing Service to have sufficient time to analyse and explore future service delivery options and procure a new service with limited impact to service performance and to bring the housing repairs and voids contract in line with the other contracts relating to maintenance of the housing stock.

Carolyn Godfrey
Corporate Director

Wiltshire Council

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Cabinet Member: Councillor Jonathon Seed – Housing, Leisure, Libraries and Flooding

Key Decision: Yes

Purpose of Report

1. To approve an extension to the responsive repairs and voids contract with Emmdee (MD) Building Services Ltd to 31st March 2018.

Relevance to the Council's Business Plan

2. The continued provision of property repairs and maintenance to council owned housing supports Outcomes 3 and 5 of the councils Business Plan 2013-2017 - Everyone in Wiltshire lives in a high quality environment specifically 'Everyone should be able to live in a decent, safe home' and People in Wiltshire have healthy, active and high-quality lives.

Main Considerations for the Council

3. The current responsive repairs and voids contract is due to terminate in September 2017.
4. The housing service is reviewing all the responsive and planned maintenance and improvements services and appraising the supply options for a new service to meet the needs of customers.
5. The contracts for planned and cyclical maintenance are not due to terminate until 31st March 2018.
6. Bringing the responsive repairs contract in line with the other contracts related to maintenance of the housing stock will enable all contracts to be considered together and ensure a wide range of supply options are available to be considered.
7. Extending this contract will enable the housing service to have sufficient time to analyse and explore future service delivery options and procure a new service with limited impact on service performance.
8. A further report will be brought to Cabinet in March 2017 which will outline the supply options considered, seek approval to proceed with the recommended delivery option and set out the applicable procurement process and timescales for this.

Background

The current contract was awarded in May 2013 for an initial 3 year period, with up to 6 x 1 year additional extensions. E.g. maximum duration of 9 years in total or up to April 2022.

9. The contract was extended until 30th September 2017 following an 'extension to time' certificate being issued on 5th February 2016
10. The funding for this contract is currently included within the assumptions within the 30 year Housing Revenue Account (HRA) Business Plan.
11. The current contract guarantees a minimum value of works of £1,000,000 per year. The current value of repairs works to housing stock is in excess of £4,000,000 per year of which around £1,600,000 is through the contract with MD Building Services Ltd.

Overview and Scrutiny Engagement

12. The extension of the current contract has not been considered by Scrutiny. However, the Housing Board and Housing Assurance Panel are involved in the development of new models of delivery that require the continued provision of the current service until the new model is operational.
13. Environment Select Committee has agreed to carry out a rapid scrutiny exercise of the models for delivery which will inform the further Cabinet report in March 2017.

Safeguarding Implications

14. There are no safeguarding implications arising from this report

Public Health Implications

15. There are no public health implications arising from this report.

Procurement Implications

16. The recommended contract extension is within the scope of the original contract awarded in May 2013 and therefore compliant with the requirements of EU Procurement Regulations.
17. The strategic procurement hub and housing service will engage with the market during the period of the extension. This will support the ongoing options appraisal about the future delivery model and develop a procurement sourcing plan which will set out the recommended procurement route.
18. The intention is to be in a position to develop a delivery model and procure a new service to commence on 1st April 2018. In order to meet this programme, the procurement process will need to be commenced early in 2017.

Equalities Impact of the Proposal

19. There are no equalities impacts arising from the proposal

Environmental and Climate Change Considerations

20. There are no Environmental and Climate Change impacts arising from the proposal

Risks that may arise if the proposed decision and related work is not taken

21. The current in house delivery team (Direct Labour Organisation) will not have the capacity to pick up the work of the contractor when the contract terminates in September 2017. This will create a significant risk to reputation and the potential for resultant damage to council owned assets due to the delays in responsive works.
22. The repairs service would have to carry out ad hoc procurement which would impact on budget and performance targets

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

23. That the time to define and agree a suitable delivery model and procure that service cannot be completed in good time prior to the contract ceasing in March 2018. This project is strategically important and so every effort will be made to prioritise this work, however, achieving a successful outcome is the key objective so if a further extension is required to enable the delivery of the preferred model this will be identified and reflected in the decision report seeking approval of the preferred delivery in March 2017.
24. There is a risk that the procurement hub will not have sufficient resource to support the options appraisal and procurement of the preferred future delivery which could impact on delivering the preferred model within the extension period. However, discussions are ongoing to ensure sufficient resources are in place.

Financial Implications

25. This report recommends that the current contract with MD Building Services Ltd is extended until the 31st March 2018 so that it is aligned with other Housing Repairs contract termination dates. This recommendation is supported providing a fee reduction is negotiated as part of the extension. The costs of this contract will be funded from the Housing Revenue Account.

Legal Implications

26. In the event that the contract were to come to an end and the Council's Direct Labour Organisation were to deliver, or seek to deliver, the service as was delivered by the Contactor then there could be TUPE implications for

the Council. The Contractor's workforce that delivered the service may well then have (by operation of the TUPE legislation) a right of employment with the Council. The intention of the Council to put in place an alternative contract in advance of the current contract lapsing mitigates this risk.

Options Considered

27. There is an option to allow the current contract to terminate on 30th September 2017. However, as detailed above, the in house Direct Labour Organisation (DLO) does not have the capacity to pick up all of the work of the contractor. Therefore service performance would drop resulting in both reputational damage and potential damage to the council's housing stock.

Report Author: Janet O'Brien, Head of Housing Strategy & Assets
Tel. 01249 706550 Email. Janet.obrien@wiltshire.gov.uk

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Appendices

None

Background Papers

None