

**Report for:**  
**ACTION**

**Item Number:4**

<b>Contains Confidential or Exempt Information</b>	Yes (Appendix A – Legal Confidential)
<b>Title</b>	Interim Contracts – Responsive Repairs & Minor Voids
<b>Responsible Officer(s)</b>	Mark Wiltshire
<b>Author(s)</b>	Paul Miller millerp@ealing.gov.uk
<b>Portfolio(s)</b>	Portfolio Holder Housing, Planning and Transformation
<b>For Consideration By</b>	Cllr Peter Mason
<b>Date to be Considered</b>	Tuesday 12 <sup>th</sup> March 2019
<b>Implementation Date</b>	Wednesday 13 <sup>th</sup> March 2019
<b>Affected Wards</b>	All
<b>Keywords/Index</b>	Housing Responsive Repairs and Maintenance; Housing Minor Voids

**Purpose of Report:**

To obtain authority to:

- i) Extend the current Housing Responsive Repairs and Maintenance Service contracts (East and West) for a maximum of 6 months.
- ii) Award an interim contract for the provision of the Minor Voids Service.

**1. Recommendations**

That the Portfolio Holder:

- 1.1 Authorises the extension of the Council's current Contract with MNM Property Services Ltd for Housing Responsive Repairs and Maintenance (East) for a further six month period. The extension period to run from the 1<sup>st</sup> April 2019 to the 30<sup>th</sup> September 2019.
- 1.2 Authorises the extension of the Council's current Contract with Mead Building Services Ltd for Housing Responsive Repairs and Maintenance (West) for a further six month period. The extension period to run from the 1<sup>st</sup> April 2019 to the 30<sup>th</sup> September 2019.
- 1.3 Authorises the award of an interim contract to T Gilmartin Ltd for the provision of a Housing Minor Voids Service for a period of six months from the 1<sup>st</sup> April 2019 to the 30<sup>th</sup> September 2019.

1.4 Notes that the above contracts are funded by the approved 2019-20 HRA Budget at 11 December Cabinet.

## **2. Reason for Decision and Options Considered**

The current contracts for Responsive Repairs and Minor Voids commenced on 1<sup>st</sup> September 2013.

The contract for Housing Responsive Repairs and Maintenance Service (East area) was awarded to MNM Property Service Ltd and the contract for Housing Responsive Repairs and Maintenance Service (West area) was awarded to Mead Building Service Ltd. The contract for the Minor Voids Service was awarded to Mountjoy Ltd.

All the contract terms were for four years with an option to extend by an additional 1 year meaning a potential maximum contract term for each of five years expiring in August 2018.

Cabinet gave authority to commence a re-procurement of the Responsive Repairs and Minor Voids contracts in September 2017 and on 20<sup>th</sup> March 2018, Cllr Jasbir Anand authorised an extension of all three contracts for a period of six months from the 1<sup>st</sup> September 2018 to the 31<sup>st</sup> March 2019, pending the outcome of the new procurement exercise.

Tenders were received from bidders on the 30<sup>th</sup> July 2018. However, following a rigorous evaluation process, it became apparent that no permissible combination of the bids received could deliver the desired level of service within a cost envelope affordable to the Council.

Following a review of options, a decision was made to discontinue the procurement and to review the commercial approach. A new procurement commenced on the 29<sup>th</sup> November 2018 with a deadline for new tender submissions to be returned by 3<sup>rd</sup> January 2019. A Key Officer Decision Report has been scheduled for May 2019 seeking authority to award the new Responsive Repairs and Minor Voids contracts. In view of the decision to undertake a new procurement process and the lengthy period required to mobilise the contracts, the proposed contract start date for all three contracts is now 1<sup>st</sup> October 2019.

The current Responsive Repairs Contractors, Mead and MNM have agreed to extend the current arrangements. The Council has been unable to agree terms on a value for money extension with Mountjoy Ltd and so the Council is proposing that a new short term contract with T Gilmartin Ltd be entered into, pending the award of the new long term contracts.

In the light of the above, authorisation is now sought to extend the current Responsive Repairs Contracts and enter a new contract for the Minor Voids Service.

### 3. Key Implications

Extending the existing Responsive Repairs and Maintenance contract will ensure the service to residents is maintained (enabling the Council to continue to fulfil its legal and regulatory obligations as landlord).

Entering into an interim Minor Voids Contract will enable the Council to continue to ensure that new tenants are afforded accommodation which complies with the Council adopted minimal lettable standards.

### 4. Financial

#### a) Financial impact on the budget (mandatory)

##### i) Responsive Repairs and Maintenance

The approved HRA revenue budget contains £4.495m in 2019-20 for Housing Repairs and Maintenance (including Out of Hours).

The expenditure during the 6 months of the contract extension is projected to be £0.75m (East) and £0.75m (West).

It should be noted that the profile of expenditure on the service is not linear throughout the year. Demand is affected by a number of variables but by seasonal weather patterns in particular. Spend will be monitored and managed in the usual way to ensure the service is delivered within the allocated annual budget provision.

##### ii) Minor Voids

The approved HRA revenue budget contains £1.499m in 2019-20 for Minor Voids.

The maximum permissible expenditure through the proposed six month contract is to be £1.00m

As with Responsive Repairs and Maintenance the profile of expenditure on the service is not linear. Spend will be monitored and managed in the usual way to ensure the service is delivered within the allocated annual budget provision.

##### iii) Housing Repairs and Maintenance and Minor Voids capital works carried out by the proposed two contractors (MNM Property Services Ltd and Mead Building Services Ltd) during the contract extension period 1 April 2019 to 30 September 2019 will be funded by the approved 2019-20 Housing Improvement capital budget of £25.185m.

The expectation is that there will be very minimal capital works carried out by the two proposed providers during the six months.

## **b) Financial background**

The delay to this procurement process has been driven by a desire to secure best value from the market. While the formal evaluation of the new bids received is yet to be concluded, initial assessment suggests a reduction in spend of £0.50m per annum might be delivered. More information is provided in paragraph 6.

## **5. Legal**

The current contracts were tendered competitively in line with the Public Contract Regulations 2006 (as amended).

The proposed new contracts are in the process of being competitively tendered in line with the Public Contract Regulations 2015.

Legal advice related to the proposals set out in this report is contained in Confidential Appendix 1.

## **6. Value For Money**

Maintaining the existing contract arrangements with respect to Responsive Repairs and Maintenance avoids a difficult, technically challenging and ultimately expensive handover with service levels potentially impacted for a limited 6 month contract period. Taking into account the mobilisation resource required for this type of service, a contract of this duration would not be that commercially attractive and would attract a cost premium. Contract rates were competitively tendered at the outset and have been subject to an indexation mechanism for the duration of the contract to ensure their sustainability.

The new, interim contract arrangement with T Gilmartin Ltd for Minor Voids will be entered into based upon their tender submission for the new long term contract. Contract rates can, therefore, be considered to have been subject to a competitive exercise and provide value for money. The mobilisation resource required for this service is less than with responsive repairs due to the nature of the works undertaken and so service levels will not be impacted by a quick implementation, nor will the Council face any cost premium for entering into this arrangement.

While the evaluation process for the new tender submissions has not yet formally concluded an initial assessment of the rates tendered suggest a reduction in spend of well in excess of £0.50m per annum could be achieved longer-term (based on 2017-18 work volumes). The delay in the procurement, and therefore the contract extensions recommended in this report, was necessary in order to achieve those longer term savings which otherwise the Council would not have achieved.

## **7. Sustainability Impact Appraisal**

The Sustainability Impact Assessment, completed at the time of the original contract award is still current.

## **8. Risk Management**

The existing contracts will expire on the 31<sup>st</sup> March 2019. Allowing these contracts to lapse without interim arrangements in place would result in the Council being unable to provide an effective and efficient Responsive Repairs and Maintenance Service to residents.

The Council has reached an in-principle agreement on the terms of an extension with the incumbent Responsive Repairs and Maintenance Service providers which is subject to contract.

Given the nature of the Responsive Repairs and Maintenance Contracts and in particular the relative complexity of mobilizing new providers (Call Centre and IT Integration, workforce planning etc) it is considered that extending the incumbent suppliers presents the least risk of the options identified.

The Minor Voids Service requires relatively fewer complex integrations with the Council systems and involves a reduced level of engagement with existing tenants. It is therefore considered an acceptable risk to migrate to a new provider for the service at this juncture.

The Council has reached an in-principle agreement on the terms of an interim contract with T Gilmartin Ltd which is subject to contract. Financial and legal due diligence has been carried out and there are currently no concerns regarding the ability of T Gilmartin to carry out this work.

## **9. Community Safety**

Delivery of these services ensure we comply with our statutory obligations our Housing Stock and communal areas on our estates are maintained to acceptable levels, minor voids works completed and comply with health and safety requirements

## **10. Links to the 3 Key Priorities for the Borough**

This decision will enable to the Council to continue to effectively maintain its Council Housing Stock and is there-fore key to delivering on the priority objective of Good, Genuinely Affordable Homes.

## **11. Equalities, Human Rights and Community Cohesion**

The Equality Impact: Assessment, completed at the time of original contract awards is still current.

## **12. Staffing/Workforce and Accommodation implications:**

It is anticipated that there will be a TUPE transfer of staff from the current Minor Voids Contractor, Mountjoy Ltd to T GilMartin Ltd.

## **13. Property and Assets**

Ensuring continuity of service is essential to ensure the Council continues to effectively maintain the Council Housing Stock

## **14. Any other implications:**

None

## **15. Consultation**

As this report seeks approval to extend the existing Responsive Repairs and Maintenance contracts which have already been subject to Section 20, stage 1 (NOI) and stage 2 (NOP) consultation, no further consultations will be required in relation to the contract extensions.

Schedule 3 consultations on communal works will still be required where the leaseholders estimated contribution exceeds £250.

The Minor Voids Service Interim Contract will not have been subject to the Section 20 Leaseholder Consultation however this contract will not be used to complete works which will be recharged to leaseholders.

## **16. Appendices**

1 – Confidential Legal Appendix

## **16. Background Information**

Cabinet Report at Cabinet Meeting: 3rd of April 2013 (item no12)

Key officer Decisions: 26 July 2013 and 12th September 2017.

Individual Cabinet Member Decision: 20<sup>th</sup> March 2018

## Consultation

<b>Name of consultee</b>	<b>Post held</b>	<b>Date sent to consultee</b>	<b>Date response received</b>	<b>Comments appear in paragraph:</b>
<b>Internal</b>				
Mark Wiltshire	Director, Safer Communities & Housing	28-02-2019	01-02-2019	Throughout
Catherine Taylor	Head of Legal Services	28-02-2019	01-02-2019	5
Nish Popat	Head of Accountancy	28-02-2019	01-02-2019	4
Tim Smith	Head of Commercial & Procurement	28-02-2019	01-02-2019	4

## Report History

<b>Decision type:</b>	<b>Urgency item?</b>
Key Decision	Yes  In order to ensure service continuity from the 1 <sup>st</sup> April 2019 contracts need to be executed week commencing 11 <sup>th</sup> March 2019.
Report no.:	Paul Miller (millerp@ealing.gov.uk)