

F&HDC – Repairs & Maintenance options appraisal

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Overview & Scrutiny Committee
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Introduction

Housing Repairs & Maintenance (R&M) Options Appraisal

- *‘To consider as an option, the delivery of maintenance and compliance for council owned housing, as a council owned service as opposed to the awarding of an outsourced contract. That any such paper which looks to tender for a new contract includes this option in both its planning and decision making’*
- Project to assess the pros & cons, risks and benefits, of a new R&M service in housing
- Opportunity to gain Members input into the approach F&HDC housing service taking
- **3,397** council managed homes, 18% of stock Independent Living (Sheltered)
- F&HDC Tenant Charter - safe & secure home - good state of repair - health & safety a priority. Improve homes - environmental - modernisation, repair & compliance work.

Housing Service Vision

‘To create an excellent housing service - one that is digitally enabled, easy to deal with, and where tenants (customers) are at the heart of everything we do.’

Background – Repairs & Maintenance contract

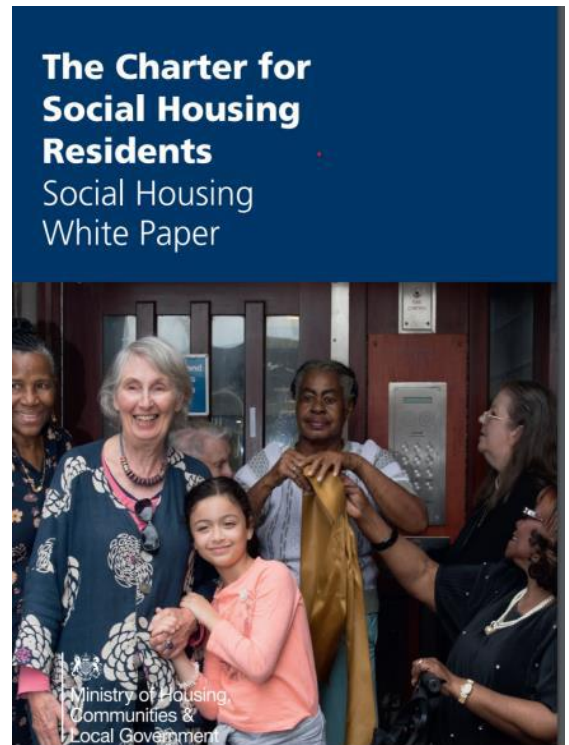
- Current contract Mears Ltd - running since 2010 – extensions to 1st Apr. 2025:
 - Responsive Repairs and Planned Maintenance service incl. replacement kitchen and bathrooms (capital programme)
 - Void repairs & some Compliance related services
 - Annual cost is: £3,526,240
 - Cost breakdown:
 - Responsive Repairs and voids - £1,901,240
 - Planned works - £1,395,000
 - Compliance works - £230,000
- Mears completed 5093 responsive repairs in 22/23!



Social Housing (Regulation) Act 2023

Charter for Social Housing Residents - Regulator of Social Housing – revised Consumer Standards:

- **Safety and Quality Standard** - *tenants' health and safety in their homes - ensuring repairs can be reported easily and tenants are kept informed of progress.*
- **Transparency, Influence and Accountability Standard** - *ensuring tenants are treated fairly and with respect, that their views are taken into account in decision-making, that they are provided with performance information about the housing service, and complaints are dealt with fairly and promptly.*
- **New Tenant Satisfaction Measures** introduced:
 - Annual tenant perception surveys
 - Inspection regime of landlord housing service



Tenant Satisfaction

- Overall tenant satisfaction levels are heavily influenced by tenant's perception of our Repairs & Maintenance service
- June/July 22 - Tenant-wide satisfaction survey – Satisfaction with repairs 68% (tenants with completed repairs in the previous 12 months)
- The timeliness of repair delivery, along with communication/ information, were the aspects of the repairs service that dissatisfied tenants sought improvement to – 2022/23 Tenant Satisfaction Action Plan
- This year August 2023 Tenant satisfaction survey completed – results expected October 23.

Your views and our actions

Repairs and maintenance

Satisfaction with repairs completed within last 12 months

68%

Satisfaction with time taken to complete repairs (or maintenance)

61%



Monitor contractor performance, set realistic but challenging targets



Ensure repairs contractors act on resident feedback



Improve communication with tenants regarding repairs



Publicise info on repairs and maintenance work and programmes



Publish our standard timescales for routine and urgent works



Keep residents informed if a timescale can't be met



Communicate timescales for planned works and publicise outcomes



Ensure communication to all affected residents is timely



Folkestone & Hythe
District Council

Procurement of Consultancy services

Provision of R&M Project Consultancy – July 2023

- **Role of the FFT** - to provide commercial experience, technical knowledge, and project management skills to support the council through the project stages.
- **Stage 1 - Options Appraisal**
- Conduct a review of the different options to deliver the R&M - Evaluate the risks, benefits, and costs of each option. The review to consider:
 - ✓ *Housing Revenue Account (HRA) 30-year business plan and future budgets*
 - ✓ *Compliance with health & safety legislation and all other relevant housing legislation*
 - ✓ *Providing opportunities for local suppliers where possible*
 - ✓ *Integration with the housing management IT system (NEC) and any future developments*
 - ✓ *Capacity for contact centre*
 - ✓ *Value for Money and opportunities for economies of scale*
 - ✓ *Operational delivery preferences*
 - ✓ *Benchmarking data*
 - ✓ *Establishing clear and deliverable service levels for tenants to a nationally comparable standard market engagement.*

Options Appraisal - Timelines

Where we are so far:

- Project plan and timeline with milestones – **completed**
- Desk top review – **in progress**
- Consultation – first stakeholder lessons learnt / scoping workshops with housing staff / tenants / Members – **in progress to be completed Sept.23**
- Options appraisal report with recommendations for all areas covered by the tender – signed off by F&HDC **October/November 2023.**



Initial findings from workshop groups

- **Staff workshop – 08/09/23 / Tenants workshop – 12/09/23**
- **Feedback from Staff workshop:**
 - *General feeling - the current Mears contract operates 'fairly well'.*
 - *Some Mechanical & Electrical (M&E) and compliance workstreams will sit better outside of the main contract.*
 - *The Hybrid pricing model of **Price Per Property** and **Schedule of Rates** works well - no desire to change this significantly.*
 - *The outsourced call centre was supported by all staff, although if this could be co-located in the Council's own office this would be beneficial to communication with the contractor.*
 - *The appointment slots and repair categories generally work well.*
 - *Voids generally work well, but major voids would benefit from a review.*

Initial findings from Staff workshop

- *Rent loss for late voids is something to consider.*
- *Opportunity to review how resident damage can be recharged (Recharge policy)*
- *Repairs and voids work well together. Could be support for an internal Handyperson / Caretaking service, potentially developed to deliver non-complex voids.*
- *Planned works gives commonality, but also feedback to suggest this could sit separately.*
- *No real support for a DLO - Options Appraisal will clearly set out why and the issues / risks associated with setting one up, including: set up costs, TUPE, recruitment and the lack of good available resources, bringing the call centre back in house, staff absence, managing sub-contractors, etc.*
- *No desire to add financial incentives to the new contract.*
- *An 'all eggs in one basket' is not the preferred solution e.g. removing certain compliance and M&E workstreams is a strong consideration.*

Initial findings from Staff workshop

- *Bringing gas and asbestos into voids would create a more efficient delivery model.*
- *New M&E installations to remain excluded.*
- *Co-location and a local presence would be a real benefit.*
- *Increasing inspections levels would be ideal, although F&HDC are hitting the market average levels.*
- *Access to Mears MCM system provides great transparency.*
- *Less sub-contractors esp. on key services.*

Initial findings from Tenant workshop

- **Feedback from Tenant workshop**

- *Operative training and the contract management of all contractors needs improving - with a clear code of conduct in place.*
- *More quality checks required by the contractor.*
- *Suggestion that Aids and Adaptations needs reviewing.*
- *Competency of operatives needs checking.*
- *ID Badges must be worn at all times.*
- *Vulnerable tenants need more responsive / tailored treatment that meets their needs.*
- *Positive comments about the call centre and how efficient it is.*
- *Communication is key – esp. when appts can't be kept/ takes longer to do the job.*
- *Attendance at tenant meetings.*
- *Publish performance*

Desktop – market assessment

- **Market Assessment considerations:**
 - Overall, the feedback is positive, with refinements appearing to be the way forward, opposed to starting again or changing to a completely different model.
 - Removing certain workstreams, such as Compliance could remove the overheads Mears pay to their supply chain (sub-contractors).
 - Improving the resident re-charge process could create savings / income.
 - Damages on late voids could generate savings. Likewise, incentives for early void completions, which enable F&HDC to let voids earlier.
 - The current pricing model appears to work well, but would a more inclusive Price Per Property offering further efficiencies?

Desktop – market assessment

- **Market Assessment considerations:**

- Price Per Property and Schedule of Rates pricing models probably offer the Council the best pricing models.
- We must be mindful of F&HDC's size and geographical location to attract appropriate contractors.
- We suggest issuing a Prior Information Notice to Market to understand the appetite.
- Everything the Council can do to promote the opportunity early will benefit them.
- Initial feeling is to refine opposed to rebuild.
- The draft timetable for procurement is already tight.

Delivery Options

- **Risk / benefits and indicative costs of each delivery option**
 - The Options Appraisal will cover this in far more detail, but we have covered a few of the key options on the following slides to cover:
 1. Individual outsourced Contracts per work stream
 2. A Single outsourced integrated Contract
 3. A joint Procurement with others
 4. Creating a Direct Labour Organisation (DLO)
 5. Creating a Wholly Owned Subsidiary / Creating a Joint Venture

Delivery Option 1

1. Individual outsourced Contracts per work stream

- Advantages:
 - Allows local Specialists to Tender
 - Reduces main Contractor Overheads
 - Removes 'all eggs in one basket' approach
- Disadvantages:
 - Requires greater client management / more resources
 - Potentially less attractive to the market
 - Increased procurement costs
 - Contactors less likely to invest in IT and Social Value
 - IT and contact centre risk

Delivery Option 2

2. A Single outsourced integrated Contract

- Advantages:
 - One Contractor to manage, one IT system, so more efficient to manage / easier for the customer
 - Contractor more likely to invest in IT, Social Value, etc.
 - Contract contact centre
 - Reduces procurement costs
 - Contractor takes on the management role / no additional resources
- Disadvantages:
 - 'All eggs in one basket'
 - Potential higher sub-contractor input, with two layers of overheads
 - Will narrow competition, but could increase competition on this type of Contract as very attractive to Tier 1
 - Specialists / local unlikely to apply

Delivery Option 3

3. A joint Procurement with others

- Advantages:
 - Creates savings and efficiencies in the procurement process
 - Potentially more attractive to the market
 - Could encourage more investment
- Disadvantages:
 - Contracting Authorities commonly many different outputs
 - Potential loss of control as seen with East Kent Housing
 - Other Authorities at different stage in procurement
 - Requires lots of coordination / resources

Delivery Option 4

4. Creating a Direct Labour Organisation

- Advantages:

- Potentially VAT savings on labour
- Control over workforce
- Satisfaction should in theory be high

- Disadvantages:

- Huge set up investment required / resources and cost
- Contracting Authority takes on board all the labour risk, including sickness, A/L, recruitment issues, management of non performance.
- Set up costs likely to run into the hundreds of thousands compared to an outsourced model.
- TUPE transfer risk
- Council take on IT and contact centre risk
- Existing contract would need to be extended
- Need to manage supply chain directly.

Delivery Option 5

5. Creating a Wholly Owned Subsidiary / a Joint Venture

- Advantages (very similar to a DLO):
 - Potentially Vat savings on labour
 - Better Control over workforce / service
 - Opportunity to innovate
 - Sell the service internally
 - Shared profit
- Disadvantages:
 - Huge set up costs, that could equate to £300,000- £400,000.00 plus
 - Very time consuming and a change in skillset and mindset
 - Shared labour risk
 - Council take on IT and contact centre risk
 - Existing contract would need to be extended

Project Plan - Draft Timetable

Stage 2 - Preparation

- Tender preparation including detailed specification, new draft contract, and evaluation criteria – **Dec.23**
- Section 20 Notices issued – Dec. 23/Jan.24
- First draft of procurement documents– Feb./March 24
- Tender published by– May 24
- Tender return date–**July 24**
- **Stage 3 – Evaluation**
- Tender evaluation period– July/Aug. 24
- Tender Report – Aug.24 & signed off (1 month allowed for council governance approval) – Sept. 24
- Section 20 / Compliance paperwork – Oct. 24
- Standstill period concludes– early Nov. 24
- Contract awarded /mobilisation commences– **Nov. 24**

- **Mobilisation and implementation** – As fundamental to project success as the procurement itself. The two key issues to be resolved focus around IT and TUPE. Addressing items such as de-mobilisation of the existing contractor, preparation of the risk register, staff training etc. also critical. Contract commences - **01/04/2025**

Q&As Discussion