

Thurrock Council's Housing Responsive Repairs & Maintenance

Update on Procurement of New Contract and Revised Repairs Policy

This summary briefing provides an update on two key parts of Housing repairs, the procurement of a new contract to deliver responsive repairs and a refreshed responsive repairs policy that is proposing a differentiated offer to tenants based on both their need and the quality of their home. The proposed policy also seeks to clarify the split of responsibility between the Council and the resident in relation to repairs and maintenance of the interior and exterior of homes.

As part of the procurement exercise, and informed by consultation undertaken to date, the Council published its OJEU notice in August 2013 outlining the intention to appoint a single borough-wide contract for day to day reactive and emergency repairs, voids and, at the discretion of Thurrock Council, some elements of programmed cyclical works, specialist and other maintenance contracts. The Council has also been careful to incorporate the key findings and priorities of Members and residents within the tender documents and contractual provisions.

The PQQ stage was completed in November and we are now set to publish the Invitation to tender at the end of Jan. The paper provides an update on the decisions informed by consultation with Members, residents and staff between June and November 2013.

The new repairs policy is set to go through extensive consultation with residents and members including online consultation, telephone interviews, meeting with formal tenant and leaseholder groups and other consultation meetings designed to ensure that a new policy is fully informed by wide ranging views of the residents and leaseholders it is designed to serve.

Repairs procurement

The procurement of the repairs and maintenance service for the Council's housing portfolio provides an excellent opportunity for the Council to drive measurable improvements in service quality and value for money.

The Council's recent experience with Morrison necessitated an interim arrangement with Mears have provided a clear demonstration of the need to ensure a new framework includes detailed engagement with key stakeholder groups to properly inform the procurement of this important contract for Thurrock's housing service.

The Council's key objectives informed by consultation undertaken so far:

- Achieve a comprehensive, local responsive repairs and maintenance service across the housing portfolio within the borough;
- To consider the delivery of the differentiated repairs service that includes:

- a. Provision of an enhanced service to the sheltered housing stock separately to the general needs housing including a differentiation in service provision based on vulnerability; and
 - b. Provide for differentiated offer based on the refurbishment status of the property i.e. if the property has been refurbished under the 'Beyond Decency' programme.
- Improve the quality, performance and flexibility of the housing responsive repairs by:
 - a. Developing new ways of working including an expanded online services that allows for reporting, tracking and providing feedback on the service online;
 - b. Providing the facility for Saturday/weekend working and evening repairs; and
 - c. Improving the number of permanent repairs completed to the right standard first time round.
 - Achieve a cost efficient and value for money housing repairs and maintenance service that still maximises opportunities for local small to medium size enterprises and reduces the revenue spend per home.

Summary of Progress

The estimated annual value of the contract will be between £5m-7m and will be awarded for a 5 year period with the potential to increase the contract term, subject to satisfactory performance, by a period of up to a further 5 years in annual increments.

The evaluation process will comprise an initial screening stage for compliance and completeness. Evaluation will be undertaken on the basis of a price, quality criteria with a 60% weighting for quality and 40% on price. A key part of the evaluation process will include an assessment by residents through a bidders challenge session.

The Bidders Challenge Session will comprise a key component of the quality evaluation and involve residents questioning and scoring bidders at a presentation event on those key aspects that are important to them. We have recently published an advert inviting residents to volunteer for and participate in the Bidders Challenge Session. All residents selected will undertake training prior to the Bidders Challenge Session with bidders.

The final qualitative questions are being finalised but will concentrate on those key aspects that have been identified during the consultation including, but not limited to:

- Employment and Skills Plan (ESP) including maximising local economic benefits;
- Effective communications;

- Capacity to introduce Repairs Online;
- Risk sharing based on performance; and
- Bidders challenge session.

Performance Framework

To improve the repairs service completions will be categorised – the performance framework will separate temporary and permanent rectification. The performance of the contractor will be judged on the basis of permanent repairs (i.e. having completed all follow-on activity). Five *Service Critical Indicators* for the service are proposed as follows:

1. % of residents satisfied with repairs and maintenance service;
2. Maximum duration (in working days) to complete permanent repair;
3. % of jobs out of target by category;
4. Appointments kept as a % of applicable orders; and
5. Number of working days to hand back void property at agreed standard and 'snag free'.

Failure by the contractor to achieve the set service standard for the Service Critical Indicators will result in the need to address any shortcomings with an Emergency Action Plan. Failure to deliver the Emergency Action Plan or where performance falls below the set Termination Threshold will result in termination of the contract.

The contract will also measure a full list of performance indicators where failure to achieve performance will need to be rectified through an agreed action plan but it will not trigger a termination event. Performance will be monitored in relation to customer satisfaction, repairs performance, appointments performance, complaints, voids, local economy, recharging arrangements and sub contractor payments. The full list of performance indicators are attached at Appendix A.

As identified above, the contract will provide for there to be an incentive arrangement for where performance exceeds the stated target i.e. contract extension, additional service areas such as planned maintenance to be incorporated etc. There will also be financial implications to the contractor for failing to achieve the set service standards assuming they are below target but above the termination thresholds that are set.

The tender documents and contract will include a Partnering Timetable that will identify key activities to be undertaken post contract award and mobilisation such as the potential for the contractor to deliver the call diagnostic function, the annual review of financial and operational performance and the achievement of continued improvements.

Procurement Timetable

A summary of the key timescales and milestones of the Housing Responsive Repairs and Maintenance procurement are illustrated in Table 1 below.

Table 1: Key Timescales and Milestones

STAGE	KEY ACTIVITIES	MILESTONE
Planning & scoping	Establish team, roles & governance Stakeholder consultation & soft market testing Contract scope, terms, geography Consents & approvals	June – August 2013
OJEU & Pre-qualification	OJEU Pre-qualification	September – November 2013
Repairs Policy Consultation & resident recruitment	Repairs Policy Consultation – resident meetings and online feedback Recruitment of residents and training for Bidders Challenge Session (see below)	December – January 2014
Tender process	Invitations to tender Clarifications & bidder presentations Evaluation, recommendations & approvals	February – May 2014
Contract finalisation	Notice of appointment & Alcatel Period S20 Consultation Final contract negotiations & contract signing	May – June 2014
Mobilisation & commencement	Mobilisation & establishment of client team Commencement: <u>1 July 2014</u> Bedding-in period Client monitoring & contract governance	June – August 2014

The planning, scoping and initial consultation activities have been completed and the OJEU was published at the beginning of September. Pre-qualification questionnaires (PQQs) were submitted in October and the evaluation was completed and the results notified to the bidders in November 2013. We have shortlisted 6 contractors to be invited to submit a tender. The tender documents are currently being prepared and will be published in February 2014.

The interim contract with Mears does not have a set expiry date, however as set out in the cabinet report of December 2012, that provided approval to proceed to tender and delegated authority to the Director of Housing and Portfolio holder for Housing to award a new contract. The service remains on schedule to award a contract during 2014.

The number and quality of the responses to the OJEU notice was encouraging and indicates a high degree of interest from reputable contractors. The procurement team are currently preparing the tender documentation to ensure the agreed priorities and key features of the consultation activities to date are properly reflected and evaluated in the tender returns received.

Consultation Activities and Findings to Date

The key groups consulted, together with the dates of the different consultation activities are detailed in Table 3 below.

Table 3: Consultation Activities

STAKEHOLDER GROUP	CONSULTATION
Members	2 Member briefings on 25 th and 29 th July 2013. 8 Councillors participated. Housing Overview and Scrutiny 17 th July 2013
Residents	Resident briefing on 16 th July 2013. 35 residents participated.
Staff	Regular internal staff sessions including staff from our strategic partner during July to December 2013. There have also been additional internal formal and informal sessions on particular aspects of the Repairs and Maintenance procurement such as performance measures and contractual terms.
"Market"	2 market consultation days conducted on 19 th and 21 st June 2013. 7 contractors attended individual sessions.

The initial consultation exercise identified some very consistent themes that have informed the scope, term and characteristics of the new Housing Responsive Repairs and Maintenance contract.

The feedback from each stakeholder group is summarised below.

Market

Facilitated meetings with a selection of 7 reputable housing repairs contractors were undertaken over two days towards the end of June 2013. The key themes and outcomes from the initial consultation with the market were as follows:

- 10 year contract term preferred (e.g. 5 years + 5 years);
- £5m+ per annum contract value ideal;
- Preference for a single borough-wide contract;
- Inclusion of the call diagnostics function is important to deliver efficient responsive repairs service;
- Content for voids to be included;
- Inclusions of cyclical & planned maintenance elements supported; and
- Comfortable with a risk/reward contract driven by KPIs.

Members

Initial consultation with elected Members was conducted after the soft market testing exercise that explored different ideas and preferences of some of the key housing repairs contractors in the market. We sought the key priorities of Members in addition to testing the key preferences identified by the market. The key outcomes were as follows:

- Customer service needs to be a key priority for the contract, including the importance of effective communications. Key measures were considered to be:
 - Right first time/single visit repairs;
 - Good call answering performance;
 - Effective communications with residents including exploring new forms of communication such as email, web reporting of repairs and appointments confirmed by text messaging; and
 - Initial reporting to final resolution of repair to be a key timescale for measurement.
- Members supported further exploration of the potential inclusion of the call diagnostics function and additional elements of the planned and cyclical maintenance programme.
- Local opportunities to be maximised in terms of local labour and local supply chain with smaller local companies who had performed well to date given the opportunity to participate within the new contract. Members agreed that this had to be within a 'best value' context both in terms of price and making a contribution to the local economy.
- Members supported a longer-term contract, 5 years plus additional yearly increments up to a maximum of 10 years awarded on the basis of continued performance to drive value for money and to maximise local investment. The Council need to ensure adequate protections within the contract for non-performance.
- Members supported the review of Council's Repairs Policy to bring it in line with other authorities, drive value for money and tailor the repairs service to better meet the differing needs and abilities of tenants.
- The Council should explore the potential to reward good "model" tenants where possible.
- Members were keen to avoid a monopoly situation that would make it difficult to replace a contractor that was not performing.
- It's important for the Council to introduce good contract management and governance arrangements including inspections and assessment of the quality of workmanship. It was anticipated that additional training might need to be considered to ensure staff were equipped to appropriately manage the new contract.

- Members acknowledged the need for price competition but were clear that an award should be made on a balance of price, quality of service and the ability the future service provider to make the maximum contribution to the local economy via its supply chain and with its contribution to local education and training. The award of any new contract must not be solely based on a lowest price bid.

Residents

The resident consultation event held on the evening of 16th July 2013 was very well attended by tenants and leaseholders from all areas of the borough. 35 residents attended the session and were very willing to share their ideas on what's important for them and what improvements they would like to see from the new contractual arrangements. The key outcomes from the session were as follows:

- The Council should review their Repairs' Policy and consider placing more responsibility on residents that were able to accept additional responsibility and cost e.g. replacement of batteries. Residents were keen to maintain higher levels of support for those residents that were more vulnerable.
- Repairs should be undertaken by appropriately qualified staff and, where appropriate, workmanship should be inspected and certified. It would not be appropriate for residents to be expected to undertake any repair that required a qualified professional.
- It is important that the Council actively monitors and manages the quality of the repairs being delivered. This would keep the Contractor focused on quality and increase resident satisfaction with the service.
- Resident satisfaction needs to be retained as a key performance measure of the new contract.
- Good communications are central to a good repairs service and the contract needs to promote and monitor the effectiveness of different forms of communication.
- A key priority for residents is for the repair to be delivered "right first time".

Staff

An ongoing programme of staff consultation, engagement and involvement is scheduled as part of the procurement of this important housing service to ensure complete 'buy-in' and to appropriately equip staff to manage the contract post award. It has been important to upskill staff during this period to build their understanding, confidence and ability to undertake the ongoing clienting and management of a critical housing service. The feedback received from staff as to key priorities for the new contract reinforces and supports the findings from the other stakeholder groups. The key findings from the staff sessions are as follows:

- The new contract needs to protect against the performance failures that have been experienced in the past such as poor initial diagnosis of repair requirement, delayed approval of additional works requirements to close out a repair, failures to confirm agreed appointment slots and “no access” issues due to a resident and/or the contractor missing their agreed appointment. Customer service performance indicators to be incorporated within the contract.
- It is important to recharge tenants and leaseholders appropriately e.g. vandalism and service charges. The contract needs to enable effective and accurate data collation and dissemination to enable appropriate recharging.
- Call answering, repair diagnosis and appointment scheduling is critical for a high quality repairs service. It is important that this is considered further given the existing contractual arrangements for the call centre.
- The contract needs to allow some flexibility for the contractor to do the repair right first time, including undertaking additional works and it taking longer than the allotted time slot if necessary to close out the repair on the first visit.
- Makes sense to include elements of the planned and cyclical maintenance programme to drive value and simplify the contractual arrangements and monitoring arrangements of the Council.
- The procurement of the Responsive Repairs and Maintenance contract provides a good opportunity to review the Council’s Repairs Policy and to bring it in line with other authorities.
- It is critical that the new contract enables appropriate integration of services between the contractor and the Council (and different departments of the Council) and appropriate access and integration of IT systems to enable on-going monitoring and effective service delivery.
- A longer-term contract would maximise value and local investment. Adequate protection for non-performance is critical.

Repairs Policy

The team is currently preparing to consult residents on proposed changes to the Council's Repairs Policy that better reflects current market practice and reflects the priorities, differentiation and key features that have been discussed with members, resident groups and operational teams during the initial consultation period. The key activities and timetable for consultation and recommendations on the revised Repairs Policy is illustrated in Table 2 below.

Table 2: Key Activities and Timetable for Repairs Policy

KEY ACTIVITY	MILESTONE
Advertise consultation	December 2013
Online survey/feedback by residents	January 2014
Resident meeting	End January 2014
Finalise Repairs Policy for Member approval	February 2014
Member approval	February 2014
Publication of ITT	February 2014

The intention is to complete all resident consultation by the end of January 2014 prior to submitting a revised Repairs Policy for Member approval at the 2nd April 2014 Housing Overview and Scrutiny meeting. A draft revised housing Repairs Policy will be incorporated into the Repairs and Maintenance ITT to inform bidders' responses. A final Repairs Policy will be available prior to contract finalisation and mobilisation.

Given the flexibility built into the Mears interim repairs contract, the procurement timetable can be accommodated and there will be no disruption to the service whilst a replacement, longer term contractor is procured.

Overall, the procurement of the responsive repairs and maintenance contract is progressing well and the involvement of the key stakeholder groups has been helpful in determining our approach to the market. The Council will be in a position to recommend a revised Repairs Policy for approval early in the New Year and will have completed the evaluation of the tender returns and be in a position to recommend award of the contract in May/June 14.

For further information please contact Kathryn Adedeji, Head of Housing Investment and Development.