

Report to Place Overview and Scrutiny Committee

Report Title	Housing Works Procurement Delivery Model
Date of Meeting	Thursday 20 March 2025
Report Author	Mohammed Saheed Ullah
Corporate Director	Claire Demmel Executive Director Place
Lead Cabinet Member(s)	Cllr Mark Hooper, Cabinet member for Health and Well-being & Housing
Wards Affected	(All Wards);
Identify exempt information and exemption category	Choose an item.
Appendices (if any)	1. Add title here 2.

1. Executive Summary

- 1.1 The Council currently has over thirty contracts for the delivery of housing repairs, planned maintenance, compliance works and major capital works to its Housing Revenue Account estate. These contracts are due for re-procurement within the next 18-24 months.
- 1.2 The Council embarked on a procurement exercise to streamline this position and establish a single strategic delivery partner in January 2024. This procurement was paused in June 2024 due to concerns associated with the Council committing to a single supplier, the term of the contract, the value of the proposed contract and the limited number of final bids submitted in response to the tender invitation.
- 1.3 This report sets out the recommendation to abandon the previous procurement exercise and commence with a new procurement exercise with a new approach to procure a range of contractors to address the concerns identified with the previous exercise.

2. Recommendations

For the reasons set out in this report, the Place Overview and Scrutiny Committee recommends for Cabinet to:

- 2.1 Abandon the previous procurement exercise started in January 2024.**
- 2.2 Approve the commencement of procurement for:**
 - 2.2.1 A single main contractor for all reactive repairs, planned maintenance, voids works and major building works via an open market tender invitation or via a specialist framework.**
 - 2.2.2 If 2.2.1 is agreed that there is delegated authority for the award of contract for the single main contractor for a period five years (with an option to extend for a further five years) to the Executive Director of Place in consultation with the Leader, Portfolio Holder, Commissioners and Section 151 Officer. The option to exercise the extension of the contract for a further five years will be brought back to Cabinet for Approval.**
 - 2.2.3 Eight specialist contractors for the delivery of compliance related services for up to three years for each contractor with the option to extend a further two years.**
 - 2.2.4 If 2.2.3 is agreed delegated authority for the award of contracts for the delivery of compliance related services for a period of up to three years per contractor, with the option to extend for a further two years to the Executive Director of Place in consultation with the Leader, Portfolio Holder, Commissioners and Section 151 Officer.**
 - 2.2.5 A single specialist contractor for delivery of mechanical and electrical services and works for a period of five years with an option to extend by a further five years subject to performance and Council's financial position.**
 - 2.2.6 If 2.2.5 is agreed delegate authority for the award of contracts for the delivery of mechanical and electrical works and services for a period of up to five years with an option to extend a further five years to the Executive Director of Place in consultation with the Leader, Portfolio Holder, Commissioners and Section 151 Officer. The option to exercise the extension of the contract for a further five years will be brought back to Cabinet for Approval.**
 - 2.2.7 A single specialist contractor for delivery of lift maintenance breakdown and renewal for a period of three years with an option to extend by a further two years subject to performance and Council's financial position. The option to exercise the extension of the contract for a further two years will be brought back to Cabinet for Approval.**
 - 2.2.8 If 2.2.7 is agreed delegate authority for the award of contracts for the delivery of lift maintenance breakdown and renewal for a period of three years with an option to extend for a further two**

years subject to the Executive Director of Place in consultation with the Leader, Portfolio Holder, Commissioners and Section 151 Officer. The option to exercise the extension of the contract for a further two years will be brought back to Cabinet for Approval.

2.2.9 A single specialist contractor for delivery of communal door entry systems for a period of three years with an option to extend by a further two years subject to performance and Council's financial position. The option to exercise the extension of the contract for a further two years will be brought back to Cabinet for Approval.

2.2.10 If 2.2.9 is agreed delegate authority for the award of contracts for the delivery of communal door entry systems for a period of three years with an option to extend by a further two years subject to the Executive Director of Place in consultation with the Leader, Portfolio Holder, Commissioners and Section 151 Officer. The option to exercise the extension of the contract for a further two years will be brought back to Cabinet for Approval.

3. Commissioner's Comments

3.1

4. Proposals – the rationale and evidence for the recommendations

4.1 The Council is recommending the procurement of a range of housing works contracts. The previous procurement exercise in January 2024 combined all the contracted services with a single provider. This presented a number of risks to the Council, such as commercial viability of the model, TUPE considerations, single point of failure and delivering landlord obligations in light of new legislation on social housing. Therefore, the Council is adopting the recommended approach to procure single contracts as outline in para 2.2.

New Legal and Regulatory Requirements

4.2 The key legislation being the Social Housing (Regulation) Act 2023 and the Building Safety Act which came into force in April 2022. The Social Housing Act brings forward the following landmark changes for social housing landlords and tenants:

- strengthening the Regulator of Social Housing to carry out regular inspections of the largest social housing providers, and the power to issue unlimited fines to social landlords.
- additional Housing Ombudsman powers to publish best practice guidance to landlords following investigations into tenant complaints.
- powers to set strict time limits for social landlords to address hazards, such as damp and mould.
- new qualification requirements for social housing managers.

- 4.3 The Building Safety Act 2022 focus is on higher risk buildings (HRBs) that are at least 11 metres or above five storeys high. The Act focuses on preventing incidents by holding building owners and landlords accountable, enforcing stricter oversight, and creating a clearer framework for building design, construction, and ongoing management.
- 4.4 Thurrock currently has 18 high rise tower blocks that fall under the category of the Building Safety Act and have been registered with the Building Safety Regulator in July 2023. We are required to submit all building safety remediation plans and works to the Building Safety Regulator.
- 4.5 It is clear given the increased focus on regulation, compliance, and tenant satisfaction the Council will need to ensure all its contracted works and services deliver the Council's landlord obligations and meets the challenges from the increased regulation as set out above.
- 4.6 The procurement of new housing works and compliance suppliers is so the Council can intensify its focus on meeting its statutory social landlord obligations and ensures its homes are compliant, decent and offer a safe environment for its residents.

Proposed new model

- 4.7 Given recent announcements on local government reorganisation and Greater Essex devolution plans all the contracts entered into by the Council will contain one-year no-fault break clauses to enable the Council to exit any existing contracts over to any transitional arrangements into a wider authority.
- 4.8 The proposed terms of the contracts as listed in para 2.2 will vary according to value of the contract and the nature of the works. Works related contracts require significant upfront investment by suppliers such as site set up, logistical planning, IT coordination, recruitment etc. A term of contract that is shorter than five years will not attract sufficient market interest nor offer any commercial value to either the council or the potential suppliers.
- 4.9 The compliance services contracts do not require the same level of investment by suppliers and a standard term is two to three years to enable work programming and inspection regimes to provide full coverage.
- 4.10 This report sets out the proposal for adopting a preferred delivery model which rationalises the range of existing contracts and suppliers from the thirty existing housing works contracts to twelve contracts. This includes the procurement of:
- One main contractor for all reactive repairs and general building works
 - One specialist contractor for delivery of electrical/mechanical services and works.
 - Two specialist contractors for the delivery of works and services for lift maintenance and renewal and a contractor for communal door entry systems.

- Eight specialist contractors for the delivery of compliance related services. These specialist services includes the following:
 - Asbestos Testing
 - Fire Risk Assessments
 - Fire detection systems inspections include emergency lighting
 - Fire Protections systems inspections (dry risers, hydrants, extinguishers)
 - Lift Maintenance inspections
 - Water hygiene risk assessment and testing
 - Communal door entry systems testing
 - Hoists and stair lifts inspections
 - Electrical testing and gas safety testing will be undertaken by the Mechanical & Electrical contractor.
- 4.11 All housing works contracts are funded from the Housing Revenue Account (HRA). The Council must maintain its obligation to ensure its housing stock receives the required investment to maintain safe, compliant, and decent homes.
- 4.12 The financial value for each of the contracted works/services will broadly be within the existing annual HRA financial allocation for existing contracts as listed in the table in para 4.27 but will require an uplift for indexation and be reflective of the final service specifications that will be agreed prior to market engagement.
- 4.13 These recommendations fit within the objectives of the Improvement and Recovery Plan, October 2023, the Corporate Plan 2024-2029 and the new operating model for the Council to be more streamlined and financially sustainable by commissioning contracts that enable more integrated approach and by enabling the Council to:
 - manage its HRA resources to ensure maximum value to the public and deliver efficiency and accountability.
 - increase spend in our local area through direct labour employment by the main contractors and supply chain opportunities.
 - provide exemplary management of investment, project activity and capital and revenue projects.
 - deliver the strategic objectives of the HRA 30 Year Business Plan.
- 4.14 The core objectives of this approach is to provide good quality services in the most effective and cost-efficient manner, higher service standards, service innovation in the maintenance of the Council's housing stock and full compliance with housing regulatory requirements.
- 4.15 The procurement of a single general building contractor for all repairs and major works is designed to ensure that the contractor is strongly incentivised to connect reactive repairs data and lifecycle data to planned capital programmes, so that the latter is programmed and delivered to so reactive repairs requests decrease over the medium to long term.

- 4.16 Additional benefits of procuring a single reactive, major works and general building works contractor will be:
- Consistency of collecting and reporting against the Tenant Satisfaction measures.
 - Consistent approach and methodology to quality assurance and customer care.
 - 'Golden Thread' alignment to ensure Building Safety Regulations are fulfilled.
 - Efficiency and timeliness of data collection for regulatory reporting.
 - Enabling the adoption of digital platforms for both operational delivery and customer care.
 - Flexibility to integrate HRA revenue workstreams and capital programmes to maximise efficiencies, and more informed evidenced based investment decisions coordinated to deliver the required standards of decency and compliance.
- 4.17 Integral to this approach will be a rigorous performance management framework as the main contractor will be responsible for the performance and improvement of all its supply chain including those local business partnered to deliver works in line with the Council's new operating model. This performance management framework will encompass all aspects of housing compliance and regulatory requirements as well as customer care, tenant satisfaction and value for money.

Economic and Social Value

- 4.18 The procurements listed in para 2.2 will align with the Council's new ambitions in securing best social and economic value from its contracted suppliers by ensuring our activities are sourced from a diverse network of providers that supports and delivers local business development and skills where opportune.
- 4.19 Local supply chain opportunities and local labour employment opportunities will be incorporated into the tender specification documents with defined key performance indicators where potential suppliers will need to demonstrate how they will deliver Thurrock's ambitions in this respect.
- 4.20 The major works contracts will directly deliver via their in-house workforce. However, certain elements of the works will often subcontracted which will allow the main contractor to engage, support and commission local sub-contractors and supply chain. This will create opportunities for local businesses to develop or scale-up their operations and become more commercially viable and sustainable.
- 4.21 The procurement tender and contract documentation will be used to embed the use of local labour and supply chain sub-contractors through the use of Key Performance Indicators and similar contractual performance measures.
- 4.22 This will have the benefit of ensuring that these procurements will have a multiplier effect on stimulating local business development and economic

growth as well as offering more localised services to local communities consistent with the new operating model.

Options Analysis

- 4.23 The Council's housing service has considered a range of delivery models for the delivery of works to the HRA estate. Various models of delivery from a single strategic supplier, in-sourced delivery model (via a Direct Labour Organisation), a Wholly Owned Subsidiary were all considered and ruled out on the basis of risks and merits.
- 4.24 The option to do nothing and allow contracts to run down and expire was also considered excluded on the basis of regulatory requirements and failure to meet legal obligations as a social landlord. Some of the existing contracts have already been extended beyond the extendable contract term as a stop-gap measure to mitigate any service disruption whilst the new contracts are procured. All contract extensions were implemented within Public Contracts Regulations 2015.
- 4.25 The procurements will either be via open market competition or via nationally recognised frameworks. Other suitable procurement options will be considered subject to soft market testing and engagement as well on advice from procurement officers.
- 4.26 The package of the contracts via this approach will enable to Council to secure the best value for money and economic and social leverage from the suppliers.
- 4.27 The table below contain list of the main housing contracts, suppliers value (over £50k in annual value have been listed), and expiry dates.

<u>Supplied Services</u>	<u>Contractor</u>	<u>Contract Expiry date</u>	<u>Value p.a</u>
Responsive Repairs, Voids and Garages Contract	Mears PLC	June 2026	£11million
Transforming Homes	Wates	June 2025	£10million
Domestic & Commercial Gas Servicing, Breakdown & Repair	SureServe Compliance	Mar 2026	£1.3M
Lifts Servicing, Maintenance and Replacement/Refurbishment	RJ Lifts	Oct 2025	£350k
Asbestos Testing	Riverside	June 2025	£50k

Door Entry Servicing, Repairs and Replacement	Oakray	Nov 2025	£720k
Water Hygiene Monitoring, Risk Assessments and remedials	Integrated Water Services Ltd	June 2025	£62k
Electrical Testing	SureServe Compliance	Jan 2026	£850k
Fire Systems Testing	RGE Ltd	Jan 2026	£140k
Intruder Alarm testing	Clearview	Feb 2025	£74k
External & Communal Decorations	MITIE	Mar 2023	£600k
Water Main Replacements & specialist building works including disabled adaptations	Besure Building Services	Mar 2025	£450k
Disabled Lifting Equipment - service, repair and renewal	Mountfield	June 2026	£238k

Proposed Packaging of Workstreams

Main Contract	Mechanical & Electrical	Compliance
<ul style="list-style-type: none"> Reactive Repairs Voids (standard & capital) General building including major investment works Aids & Adaptations 	<ul style="list-style-type: none"> Heating breakdown repairs and renewals Gas Safety Electrical Installations Condition Report (EICR) Electrical Upgrades and remedials 	Asbestos Testing
		Fire Risk Assessments
		Fire Detection
		Fire Protection systems
		Water Hygiene

		Hoists & stair lifts
Communal Door Entry Systems		
Lift servicing, inspection and renewal		

5 Alternative Options Considered

- 5.1 The Council's Housing Partnering Advisor, Lumensol Ltd, considered a range of options for the delivery of housing works and services. These options ranged from all works and services delivered via one single supplier to the other end of the spectrum where every single discreet works package was delivered by a smaller SME's but would potentially result in up to thirty separate contracts (and excessive administration and monitoring costs). Both options have been discounted on the basis of insurmountable risks to the Council.
- 5.2 The recommended option in this report has been assessed to best achieve wider Council strategic objectives, particularly in the following aspects:
- maximum social value interventions and outcomes.
 - integration of IT infrastructure particularly in the context of digital first strategies and approaches.
 - greater coordination between work packages to maximise cost efficiencies.
 - ability to manage or share risk profile across coordinated programmes or workstreams.
 - retain the Council's current client team resourcing to manage all contractual governance requirements.
 - resourcing for procuring the option including, legal, procurement and financial resources.

6. Consultation

- 6.1 The Options within this report have been discussed with the Lead Portfolio Member for Housing and Leader of the Council. Wider housing and corporate estate colleagues have been briefed on the impending contract procurements to ensure a one council approach.

- 6.2 The newly formed Resident Improvement Panel/Board will also be engaged on these proposals once the group is established with representatives of the new Panel/Board invited to be part of the tender and evaluation process. There will also be meet the bidder sessions with residents and members.
- 6.3 It is proposed that a Working Group of Place O&S members is formed to provide input into the procurement process particularly quality and selection questionnaires to potential bidders.
- 6.4 As the procurement exercise progresses further meetings will be scheduled at regular intervals with the Working Group to provide updates on the process and any key issues subject to the limitations of Public Contracts Regulations.

7. Financial Implications

- 7.1 This report requests approval for the commencement of procurement for all reactive repairs, planned maintenance, voids works and major building works via an open market tender invitation or a specialist framework, for properties in the Housing Revenue Account (HRA) estate, through a single strategic delivery partner. This contract will be awarded for a period of five years with an option to extend for a further five years.
- 7.2 The report also requests approval for procurements for the delivery of compliance related services, a single specialist contractor for delivery of mechanical and electrical services and works, delivery of lift maintenance breakdown and delivery of communal door entry systems.
- 7.3 The rationalisation of the range of existing contracts and suppliers for these services will enable the Council to secure the best value for money and economic and social leverage with suppliers.
- 7.4 All of the housing works contracts are funded via the Housing Revenue Account (HRA).
- 7.5 The financial value for each contract will be let within the existing financial envelope allowed for within the HRA budget allocation but may require an uplift for indexation.
- 7.6 The current HRA 30-year business plan allows for the existing contract costs plus an element of indexation. Any deviation from the total financial envelope will need to be negotiated during the procurement exercise, to ensure that the HRA remains at its balanced position.

Implications Verified by **Sima Khiroya**
Assistant Director Financial Management & Procurement

Risks

RISK DESCRIPTION & CONSEQUENCE	MITIGATIONS	RESIDUAL RISK STATUS (after mitigations)
Regulatory and service failure leading to self-referral to the Regulator of Social Housing which may impose sanctions and penalties.	To mitigate the failure to uphold our legal requirements approval is being sought for the recommendations contained within this report, this enables the Council to have relevant contracts and services in place from June 2026 to meet the Councils statutory landlord duties	Green
Council's ability to continue maintaining its social housing portfolio and other applicable buildings to ensure they remain safe for residents and to meet its statutory landlord duties.	Timely procurement and awarding of relevant contracts, to ensure services are in place from June 2026 and mitigate any safety risks.	Green
Failure to procure the relevant contracts by June 2026, could lead to the Council lacking the means to repair and maintain these properties posing substantial legal, financial, and reputational risks to the Council.	Approve the recommendations contained within this report enabling the Council to procure relevant contracts and services by June 2026 to meet the Councils statutory duties.	Green
Returned tenders in excess of the agreed budget amount for each individual contract, could lead to financial risk.	The HRA budget lines are agreed in advance with Finance and include an uplift for indexation. Soft market engagement and benchmarking will be undertaken prior to each procurement to establish financial viability and if allocated budgets are sufficient. If this is not possible, service scopes will be reviewed, and commercial efficiencies explored.	Green
No Tenders are returned	Explore extension of existing contracts to ensure continuity of service. Any financial impact will be mitigated by exploring consolidation of contracts to make contracts more attractive to suppliers. Current suppliers'	Green

	relationships are managed well and existing contracts could be modified to include scope changes to mitigate the event of no tender returns and minimise any financial impact.	
--	--	--

Implications Verified by **Kelly McMillan**
Chief Risk Advisor

8. Legal and Governance Implications

- 8.1 This report seeks to approve the procurement of new housing works and compliance suppliers. Several service and works streams have been identified; the most compliant route to market is to disaggregate these services and award contracts to multiple suppliers. The purpose of the works/services is to ensure that the Council meets its statutory social landlord obligations and ensures its homes are compliant.
- 8.2 The Council must procure in accordance with the Public Contract Regulations 2015 which shall be replaced by the Procurement Act 2023 (“Act”) in February 2025, when it comes into effect. The Council has a best value duty, as set out in the Local Government Act 1999. Competitive tenders will ensure that the Council meets its obligations under the Act at the best price.

Implications Verified by **Lauren van Arendonk**
Senior Locum Contracts Lawyer

9. Equality and Diversity Implications (including the public sector equality duty)

- 9.1 Diversity and equality implications remain as reported to Cabinet for this procurement previously reported to Cabinet in November 2023. While there are no specific equality and diversity implications arising from the recommendations of this report it is imperative for the council to ensure residents continue to receive a repairs and maintenance service. There is a risk to residents if this service is not in place in time when the existing contract expires.
- 9.2 Should the new repairs and maintenance contracted service not be in place in time, there will be a deterioration of living standards for residents as well as the deterioration of properties. It will also mean the Council will not meet its landlord obligations under the Fitness for Human Habitation Act with implications for all protected groups with some, potentially, more disadvantaged than others because of age and disability.

- 9.3 As part of the tender exercise a Community Equalities Impact Assessment will be carried out and submitted with the tender documentation.

Implications Verified by **Rebecca Lee**
Team Manager, Community Development

10. Other Relevant Implications

10.1 NOT APPLICABLE

11. Background Documents