



Committee Name: Cabinet

Committee Date: 09/02/2022

Report Title: Project Place Phase 2

Improvement of Repairs and Maintenance Services – commissioning of contractors to address repairs and maintenance backlogs

Portfolio:	Councillor Waters, Leader of the Council
Report from:	Executive Director of Community Services
Wards:	All
Key Decision	

Purpose

To seek cabinet approval for the Council to award a contract/s via Eastern Procurement Limited (EPL), with the aim of securing contractors to clear the current backlog of repairs and maintenance works, and any further backlogs arising.

Recommendation:

To delegate authority to the executive director for community services in consultation with the Leader of the Council to enter appropriate contract/s to address the backlog of repairs outstanding. The value of contracts not to exceed £3.8m in total and procurement methodology to follow Norwich City Council's contract procedures and Public Regulations 2015.

Policy Framework

The Council has three corporate priorities, which are:

- People living well

- Great neighbourhoods, housing and environment
- Inclusive economy

This report meets the great neighbourhoods, housing and environment and inclusive economy corporate priorities.

This report addresses the following strategic actions:

- build and maintain a range of affordable and social housing
- increase the impact of our assets and purchasing power on reducing inequality

The Council's Housing Strategy '*Fit for the Future*' *A Council Housing Strategy for Norwich* sets priorities for the Council's homes and estates for the period 2020 to 2026. It identifies four primary goals, these are:

- Meeting Housing need - delivering new homes.
- Maintaining and improving condition of existing housing
- Improving the use and management of our existing housing stock
- Improving our neighbourhoods

Report

Background

Repairs and Maintenance Backlogs

1. Further to the cabinet report of 8 September 2021 titled; “The transfer of building repairs and maintenance services to Norwich City Services Ltd, and property services to Norwich City Council” it was identified that repairs and maintenance and property expertise needed to be recruited by NCC to support both the development and transition of the new service.
2. The quarter 2 assurance report, presented to Cabinet in November 2021, reported concerns about delivery with regards to the repairs and maintenance service. It was noted that a backlog of work had arisen and “discussions were underway with current contractors to address the challenges, with procurement of additional capacity to address the backlog as the most likely approach to improve performance”.
3. The table below sets out the current level of backlog as of December 2021 and the estimated backlog projected to the 31 March 2022. The projections have been developed based on ‘worst case’ performance assumptions. It should be noted that the current and projected number of repairs and values are based on the information provided by the contractor and may be subject to change if works are found not to be required.

	Current Number	Current Value £000	Projected Number (March)	Projected Value £000
Reactive Repairs	876	210	1,701	408
Voids	176	669	303	1,149
Damp Repairs	115	104	178	160
Major Repairs	181	199	274	301
Whole House Improvements (£35K per unit)	44	1,540	50	1,750
Grand Total		2,722		3,768

4. The reasons behind the backlog are varied. Whilst performance had understandably deteriorated during the first phases of the Covid lockdowns, it had begun to improve. However, it has not recovered to pre Covid levels. In addition, emerging factors in 2021 which include the current contract moving into the final months of its term, compliance challenges which required additional resources, shortages in labour markets, constraints on the supply of materials and rising costs contributed to the backlog arising.
5. On April 1 2022 delivery of the repairs and maintenance services will

transfer to Norwich City Services Ltd. Conversations have taken place with the Managing Director of NCSL and it has been agreed that absorbing the backlog repairs work at the same time as mobilising the new service could impair NCSL's ability to deliver services and improvement plans.

6. The contract entered into between the Council and NCSL will reflect the separate arrangements for addressing the identified programme of backlog works in the first year of the contract.
7. It is therefore proposed that the Council appoints its own contractor/s to undertake the backlog works for a period of approximately 9 months to address outstanding repairs, void works, whole house improvements and identified compliance remedial works.
8. The Council is currently working with Eastern Procurement Limited (EPL) to source potential contractor arrangements and it is expected new contract/s will be entered into on the 1 April 2022. It is envisaged that NCC will utilise either the Major Works Projects (Whole House Improvements) or the Responsive Repairs & Voids Lots under the EPL framework as this covers all the workstream requirements that have been identified within the backlog. EPL undertake market testing.
9. From initial discussions with EPL it is envisaged that this will be a direct award to the top two placed contractors within this framework. Evaluation on these frameworks have been carried out based on 70% Pricing and 30% Quality to ensure that we award in the most cost advantageous way. Within the contract arrangement for these works there will be no contractual guarantee of either value or volume regards to works and it is envisaged that we will build in a novation clause to allow contracts to pass on to NCSL if required. The rationale behind this approach is to protect both NCC if further works are either found to be reduced or increased capacity is required.
10. The rationale behind the appointment of two contractors is to ensure a robust support structure in the event of non-performance, further it gives NCC the ability to benchmark performance and delivery on the back log of repairs in a timely manner.
11. It should be expected that due to the volume of the work and the need for a temporary contractor to mobilise, clearing the backlog is likely to take approximately 9 months from entering the contract. A risk and priority-based approach will be taken to agreeing backlog work programmes. The backlog programme of works will be shared with and coordinated with NCSL programmes to ensure that the risk of duplication of works, effort and payment is reduced where possible.
12. The HRA budget for 2022/23 which is being presented to cabinet for approval in February 2022 includes one year funding provision to deliver completion of the backlog works. Whilst this is an increase in short-term budget requirements it is envisaged that the improved efficiencies in delivery being sought through the new NCSL contract will provide long-

term savings that will offset this initial cost over time.

Financial Implications

13. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan 2019-22 and Budget.
14. To fund the expenditure identified within this report, budget provision totalling £3,879,800 has been proposed as short-term growth (1 year only) within the 2022/23 HRA revenue budget and the 2022/23 HRA capital programme. The headline detail is set out in the table below and is affordable within the current 30-year HRA business plan.

Budget	Revenue £	Capital £
Reactive repairs	548,200	0
Major & minor repairs	290,400	0
Damp repairs	140,700	0
Void repairs	1,149,500	0
Whole house improvements	0	1,750,000
Total	2,128,800	1,750,000

Legal Implications

15. NPLaw have confirmed that consultation may be required with our tenants and leaseholders in the circumstances below:
 - If the landlord enters into a 'qualifying long-term agreement' with a wholly independent organisation or contractor for more than 12 months; and
 - If the proposals count as qualifying works, being 'works on a building or any other premises' – i.e. works of repair, maintenance or improvement which will cost more than £250 for any one contributing leaseholder
16. It is proposed that the contract term will be for a period of 9 months.
17. In relation to leaseholders, the majority of the works being carried out will be to tenanted property. Any works that are communal and over £250 for any one contributing leaseholder will be either part of a planned programme of works or will be completed by NCSL.

Risk Management

The table below highlights the key risks.

Risk	Consequence	Controls Required
Tenants and leaseholder repairs are not completed in a timely manner	Tenants left for extended periods with repair outstanding Increase in disrepair cases Reputational damage Increased cost due to requirement increasing	Additional contractors engaged. Work programmed in Tenants communicated with and timelines put in place for remedial actions
Remedial Compliance actions are not completed in a timely manner	Failure to meet compliance targets. Residents at potential risk of harm. Further RSH action	Work of a compliance nature prioritised, scheduled and completed as a priority
Failure to prepare for the implications of the white paper and any subsequent legislation	Would leave the council at risk of action from the regulator and the ombudsman should there be any failure to meet the required standards	Following the appointment of the backlog contractors the council and contractors will carry out extensive communication to promote the delivery of the remediation service
The current and emerging backlog of works may impact on the mobilisation of the contract and/or the delivery of the service in the first year of the contract	Increased costs and disruption to the service due to a lack of capacity	Additional contractors being procured to deliver the backlog Separate contract managements arrangements are being established along with budgets being established to clear the backlog

Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
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Equality and Diversity	Neutral
Health, Social and Economic Impact	Failure to deliver an effective maintenance service could have a detrimental effect on residents' health, wellbeing and enjoyment of their homes. The award and delivery of this contract will reduce the risk of this occurring.
Crime and Disorder	Neutral
Children and Adults Safeguarding	All persons involved in in the delivery of the maintenance works must adhere to the councils Safeguarding Policy statement
Environmental Impact	Neutral

Other Options Considered for backlog work

18. Transfer the backlog works to NCSL. This would be potentially detrimental to the new service as described within the report.
19. Identify a new procurement route via EPL to enable the completion of the backlog works as per the recommendation.
20. Further options in relation to this are outlined in the exempt appendix to the report.

Reasons for the decision/recommendation

21. The transfer of services to NCSL on the 1st of April 2022 is on track and work to improve compliance and health and safety is progressing in accordance with plans agreed with the Regulator of Social Housing.
22. It has been necessary to prioritise matters relating to housing compliance, the focus of the team has now shifted to taking action to improve the backlog works.
23. The appointment of contractors to manage the backlog works will improve services to tenants who have been waiting for repairs to be completed and improve void turnaround times.
24. On the 1 April 2022 property services will be directly delivered by the Council, these services have been delivered through a joint venture between the Council and Norfolk Property Services. In preparation the Council have appointed an interim Head of Asset Management. The appropriate skills and expertise and capacity will be in place to manage the contracts described in this report.

25. This report sets out the rationale for not including this work within the new contract to be agreed with NCSL.
26. Cabinet is recommended to agree option 2 to identify a new procurement route via EPL to ensure the delivery of the backlog in a timely manner, improving services to tenants and leaseholders and reduce the risk of non-delivery of the new NCSL contract.

Background papers:

None

Appendices:

None

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