



## Report to Safer & Stronger Communities Scrutiny & Policy Development Committee 26<sup>th</sup> March 2014

**Report of:** **Janet Sharpe** (Interim Director of Council Housing – Communities Portfolio)

**Subject:** **Social Housing Repairs and Maintenance Contract**

**Author of Report:** **Jon Lovibond** (Projects Director – Place Portfolio – Tel: 27 36936)

### Summary:

The Council has agreed a new contract for repairs and maintenance services to tenants' homes with Kier Services which will start on 1 April 2014 and run for 3 years (with the option to extend by up to 2 more years). This will replace the current contract with Kier Sheffield LLP which began in April 2003.

The new contract is based on value for money in the rates, continuous service improvements, and joint working with Council teams to achieve the successful integration with the Council Housing Service at the end of the contract.

The information presented has been requested by the Committee to enable it to scrutinise the progress made to implement the procurement strategy that was detailed in the Cabinet Report of 10 April 2013, and that has been shaped and monitored by tenants and leaseholders over the past 18 months.

**Type of item:** The report author should tick the appropriate box

|   |   |
|---|---|
| Reviewing of existing policy              |   |
| Informing the development of new policy   |   |
| Statutory consultation                    |   |
| Performance / budget monitoring report    |   |
| Cabinet request for scrutiny              |   |
| Full Council request for scrutiny         |   |
| Community Assembly request for scrutiny   |   |
| Call-in of Cabinet decision               |   |
| Briefing paper for the Scrutiny Committee | ✓ |
| Other                                     |   |

**The Scrutiny Committee is being asked to:**

The Committee is asked to consider the outcome of the council housing repairs contract procurement process, and the medium-term objectives for the service, and provide views and comments on progress to date.

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**Background Papers:**

*Cabinet Report 10 April 2013: Construction and Building Services Re-Tender for Social Housing Repairs and Maintenance (Author – Jed Turner)*

**Category of Report:**      **OPEN/CLOSED**      (please specify)

## Report of the Interim Director of Council Housing

### Social Housing Repairs & Maintenance Contract : 2014 to 2017

#### 1. Introduction/Context

- 1.1 The current contract for repairs and maintenance and other construction work for all council owned buildings will end on the 31<sup>st</sup> March 2014. The provider is Kier Sheffield Limited Liability Partnership (the LLP). The LLP provides the repairs and maintenance service to council housing as well as other council buildings and, through the jobs compact, capital works and projects.

The LLP is a tax efficient vehicle (in which the Council has a 19.9% stake) with a profit share mechanism that met the needs and ambitions of the council when the current contract commenced in April 2003.

- 1.2 In preparation for the end of the current contract a project started in 2011 to examine the options for the repairs and maintenance service from April 2014. The option appraisal stage of the process concluded with a report to Cabinet on 10 April 2013 which examined the issues and options in detail and made a series of recommendations that were approved.

- 1.3 The main recommendations were:

- a) The new council housing repairs service should be provided by an external provider (not brought in house at this point or delivered through a joint venture arrangement), and that it should last for 3 years with the option to extend by up to 2 more years. However, bidders would be invited to submit a variant bid for a contract of 5 years with the option to extend by up to 2 more years to test out whether that longer contract would offer significant cost savings to the council.
- b) The service should be focussed solely on council housing repairs and maintenance, with repairs to other council buildings, and 'capital' works delivered through separate contracts to ensure the best skills matches and to maximise value for money.
- c) The explicit objective of the council was to consider the in-source of the repairs service option at the end of the next contract period if this achieved value for money and to integrate it as far as possible with the Council Housing Service, and other related council services. Bidders would be asked to address the challenges of preparing for this future vision in their method statements.

- 1.4 During the summer of 2013 five national contractors who had submitted a Pre-Qualification Questionnaire were shortlisted and invited to tender for the contract. One of the contractors withdrew early on. The other four submitted their bids which were evaluated by specialist officer groups, and volunteer tenants/leaseholders for the quality sections.

Following the completion of tender evaluation (a combination of price, quality and compliance with minimum council requirements) Kier Services were selected as the preferred bidder for the new social housing repairs and maintenance contract.

The contract was signed and sealed in early March 2014.

## **2. The new contract and the new service**

2.1 The bid from Kier Services was within the budget envelope set within the Housing Revenue Account Business Plan. It fully recognised the council's strategic objective for the service and committed to working with the council to achieve it. The Method Statements also committed to a series of organisational and service changes to address those few areas where performance under the current contract can be significantly improved, including communications around planned works and complaints management.

2.2 A key feature of the new service will be reorganisation of the service around the new housing areas, with local operatives with local knowledge providing the Community Technician service, with reduced travel time, faster delivery of materials to site (sometimes through local suppliers) and improved communication and IT.

Kier employees will be empowered to make more decisions in tenants' homes to achieve a 'right first time' repair on first visit. They will be provided with tablets to access a wider range of estate and tenancy information as well as repairs diagnostics. They will also co-ordinate repairs services with other council and public service providers through local liaison meetings and use of new local community bases.

Kier Sheffield LLP has already begun this change by starting pilot schemes in South West and North West Housing Areas in advance of the start of the new contract.

2.3 The terms and conditions of many employees of the Kier Sheffield LLP have been regarded as a barrier to flexibility and empowerment. Most operatives are paid salary and bonus, with the bonus driven by the target job times in the Schedule of Rates and on job tickets, sometimes seen as creating a perverse incentive to maximise bonus rather than achieve the right repair for tenants.

Terms and conditions are planned to change during the first 21 months of the new contract so that all Kier Services employees are on 100% salary with no bonus.

2.4 Other planned improvements to the repairs service include better control and communication of planned works, and expansion of the popular Handyperson Service from two vans working only in East and South West Housing Areas when launched in March 2013 to six vans working city-wide from April 2014..

2.5 The new repairs and maintenance service from April 2014 will build on the partnership working that was established under the current Kier Sheffield LLP contract. That involves joint management of budgets and performance, joint service planning, tenant and leaseholder scrutiny

through Action Planning Groups and co-location of council and Kier staff in combined teams based at Manor Lane and SOLPRO.

- 2.6 A joint council-Kier Communications Plan is in place to ensure that all stakeholders are kept informed and involved in the run up to the new contract in April 2014, and after as the service evolves and changes as described above. Tenants, leaseholders and elected members are the key stakeholders.

Kier Services have committed to improve communications with elected members through a repairs bulletin and ward-based liaison meetings.

Consultation and communication with tenants and leaseholders will continue via In Touch, The Bridge, Local Area Housing Forums, the Leaseholder Forum, City Wide Forum, the Investment & Repairs Partnership Group, Action Planning Groups and through Viewpoint telephone surveys and other regular 'customer feedback'.

- 2.7 The repairs call centre will move into the council's contact centre at Howden House by April 2014 and be managed by the Council not Kier Services.

### **3 What does this mean for the people of Sheffield?**

- 3.1 The outcome of the procurement process for a new repairs and maintenance contract for Council housing in Sheffield will be:
- A service that provides value for money and savings on previously projected costs in the Housing Revenue Account Business Plan – allowing the council to invest more in tenant services and home/estate improvements
  - A service that builds on the achievements of the existing contract, but also addresses acknowledged areas where improvements were needed such as planned works communication and complaints management.
  - A strong partnership between Kier Services as the provider, the Council, and tenants and leaseholders, to achieve efficiencies, effective communication and continuous service improvements
  - A service that is refocused and restructured and fit to be integrated with the Council Housing Service at the end of the contract period, if that remains the councils' ambition.

### **4. Recommendation**

- 4.1 The Committee is asked to consider the outcome of the Council housing repairs contract procurement process, and the medium-term objectives for the service, and provide views and comments on progress to date.

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