

REPORT TO:	HOUSING AND COMMUNITY SERVICES	AGENDA ITEM: 7
DATE OF MEETING:	27 JANUARY 2022	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR - SERVICE DELIVERY	OPEN
MEMBERS' CONTACT POINT:	PAUL WHITTINGHAM Paul.Whittingham@southderbyshire.gov.uk	DOC:
SUBJECT:	REPAIRS AND MAINTENANCE-NOVUS CONTRACT	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: HCS01-HCS03

1.0 Recommendations

- 1.1 To note the proposed variation to the terms of the original contract with NOVUS Property Solutions.
- 1.2 To endorse the two-year extension of the contract as allowed for in the original contract document.

2.0 Purpose of the Report

- 2.1 To provide a further update of progress of the “Whole House” repair and maintenance contract with NOVUS Property Solutions, this follows the Repair and Maintenance Review report presented to the Housing and Community Services Committee on 19 August 2021.
- 2.2 To inform the Committee of proposed variations to the existing contract
- 2.3 To seek the Committee’s endorsement to the granting of the two-year extension which is provided for in the existing contract.

3.0 Executive Summary

- 3.1 In July 2019, the Council entered into a three-year contract with NOVUS Property Solutions for the provision of repair and maintenance services to Council owned homes and other property in the District including Council owned commercial buildings and privately owned dwellings being worked on by the Council.

- 3.2 The initial term of the contract will expire in July 2022. Under the terms of the contract the Council must give the contractor six months' notice if it intends to terminate the agreement.
- 3.3 The Council has recently proposed a number of variations to the original contract to provide a more robust framework for managing performance across the different strands of the contract.
- 3.4 Given the uncertainties within the building construction and repair market, especially the increasing cost of materials and potential shortage of skilled labour re-tendering the contract at this stage would create two significant risks to the Council. Firstly, the risk of attracting sufficient interest from contractors, secondly the risk of higher rates than those currently agreed. It is proposed, therefore, to activate the additional two-year extension period allowed for within the terms of the existing contract.

4.0 Detail

4.1 Council House Repairs Maintenance and Adaptations

Responsive works to Council homes were delivered until April 2019 under three separate repair contracts. Planned works to Council homes and other properties were tendered separately on a project-by-project basis. A more streamlined solution was required to enhance the service provided, embed performance management into the repairs service and put the customer at the heart of the service.

- 4.2 The Council specified and tendered a "whole house" contract through the Fusion 21 procurement framework. This also included the provision to deliver repairs and maintenance to all other Council owned properties and properties in the private sector where the Council was engaged in Environmental Health or other improvement works. As well as providing for major and planned works the contract supports the Council's own Repairs Team by carrying out works such as responsive electrical repairs that the Team has no capacity to complete.
- 4.3 The Council received two compliant bids for this work and NOVUS was successful based on its pricing structure and also the quality of its submission. This included robust systems for the management of Health and Safety, subcontractor management and a commitment to providing additional social value to the residents of South Derbyshire.
- 4.4 A contract steering group which includes the Strategic Director, Service Delivery and Strategic Director, Corporate Resources meets every six months to oversee the supervision of the contract. Monthly performance meetings and regular operational meetings carry out the day-to-day management of the delivery of the contract.
- 4.5 The management of the contract was subject to an Internal Audit in 2020. This audit resulted in a Substantial Assurance Rating which was reported to the Council's Audit Sub Committee on 13th July 2020.
- 4.6 There is a suite of performance indicators that is reviewed at the monthly and also twice-yearly contract meetings. The position up to the end of Quarter 3 2021/22 is attached at Appendix A. An overall snapshot of completed and outstanding works is provided at Appendix B.

- 4.7 Performance as measured by the suite of indicators is generally positive especially given the fact that for a large part of the current and previous financial year there have been either formal restrictions on operations through COVID19 Lockdowns or issues with the supply and price of labour and materials during this period.
- 4.8 It was important for the Council to continue with as much of its planned and responsive repair work as possible during the lockdown periods in order to maintain services to tenants and also to achieve capital spending targets. In some areas this was not possible given the vulnerability of tenants and their inability to allow for internal inspections and works to be carried out in their homes. This was particularly the case with regard to adaptation works for people with physical disability. Whilst performance indicators and tenant satisfaction levels have been positive, there have been some areas of concern identified by councillors, tenants, members of the public and the staff team These have been around:
- Conduct of operatives on site
 - Communication with tenants and their families about future works or during works
 - Timeliness of responsive repair works
 - Timeliness of works to void properties
 - Timeliness of adaptation works
- 4.9 These issues have been addressed through the regular operational meetings and where necessary escalated to the twice-yearly meetings with Strategic Directors. NOVUS has taken prompt action where necessary to resolve short-term problems on site. It has also taken prompt action to manage individual members of its or its sub-contractors teams through “toolbox talks”, retraining and the suspension of staff and subcontractors from the Council contract where appropriate.
- 4.10 In the light of these concerns, the Council also requested NOVUS to attend the Overview and Scrutiny Committee on 13 October 2021. NOVUS provided the presentation which is attached at Appendix C.
- 4.11 For each of these work streams the Council and NOVUS have robust work programmes in place which are monitored through the operational meetings.
- 4.12 In some areas of the contract more radical action has been required on behalf of the Council and NOVUS has been willing to adapt and invest in its service to the benefit of the Council. NOVUS had acknowledged that they had underestimated the number and scale of “responsive” repairs that they would need to complete in order to support the Housing Direct Labour Organisation (DLO). This has prompted investment in its customer service team to enable them to better manage calls from Council tenants and joint working to establish a method to allow the Council repairs system and its own recording systems to communicate more effectively.
- 4.13 The scope of the contract allows for NOVUS to be engaged in major refurbishment programmes. To this end it is in the process of providing services to identify refurbishment /redevelopment options for the flats at Smallthorn Place Woodville and also Fisher Close, Repton.
- 4.14 After discussion with the Council’s Legal Service, it was agreed that NOVUS could also support the Council by being the named contractor in the bid for £1million from the government’s Social Housing Decarbonisation Grant Scheme. The detailed bid was prepared by the Council in partnership with NOVUS’ corporate bid writing team.

4.15 As part of its original submission, NOVUS committed to provide additional Social Value for residents in the District. A summary of its achievements in this area is attached at Appendix D and includes the creation of twenty new jobs and the recruitment of three apprentices from local colleges.

4.16 Public Buildings and Other works on Behalf of the Council

4.17 For the first time some elements of work to public buildings and other premises where the Council was required to carry out works were included in the contract. Works included within the contract are those within the existing schedule of rates for Housing assets, such as general roof and external repairs, decorations, car park surfacing works etc. The contract excludes compliance works such as commercial gas and electrics and mechanical repairs to leisure centres for instance.

4.18 Previously all such works had been carried out as individual projects usually procured by obtaining quotes from contractors with little or no pre-planned or programmed works. Whilst this has provided a legitimately procured contract it has been acknowledged by both parties that the original contract did not provide sufficient details with regard to the pricing of works, in part due to the bespoke nature of repairs to public buildings. There was also no control over the timescales for either the preparation of specifications and subsequent quotes and ultimately the delivery of works on site.

4.19 As a result, it is necessary to vary the initial terms of the contract in order to provide greater clarity, control and flexibility for the remainder of the current contract term and any extension period.

4.20 Novus will, therefore, become a procurement option for repairs to public buildings within the scope of the existing schedule of rates up to an increased individual cost of £25,000. Quotes will be based on the current schedule of rates applicable for Housing works, with provision for an uplift up to a maximum of 25% to reflect the commercial and bespoke nature of the public building works. Appropriate performance measures will also be included to manage the timescale for the provision of quotes and completion of works.

4.21 In November 2019, the Council revised the Private Sector Housing Assistance Policy and in doing so adopted a range of new grants to support improvements in private sector properties aimed at preventing hospital admissions.

4.22 As the Council's sole contractor, this workstream requires NOVUS to deliver a wide spectrum of reactive repair and improvement works in relatively short turnaround times. The scale and volume of the activities required to deliver this work in the private sector was not a significant feature of the original procurement process, nor were some of the additional complexities of working with private sector owner occupiers and landlords. Contract alterations need to reflect this change in circumstances since the original contract was awarded.

5.0 Financial Implications

5.1 The proposed variation to the contract includes an increase of the overall contract sum from £2.7million to £3.2million. This is necessary to ensure sufficient capacity within the contract for the completion of works across all strands of the contract including public buildings and other works on behalf of the Council. There is existing

budget provision within Housing, Property Services and Environmental Health budgets for this.

- 5.2 Most housing repair and maintenance works are priced against the National Housing Federation Schedule of Rates which will remain the case under the contract extension. Re-tendering this contract at these rates may not attract new providers given rising materials and labour costs.
- 5.3 Overall, the costs of the Council's major works and cyclical maintenance programmes have been benchmarked by the Housemark Benchmarking group. This shows that whilst expenditure on maintenance per property has increased over the last two financial years, this is still broadly in line with other Local Council housing providers in the region. Some of this increase is attributable to the increase in materials costs which are estimated to have increased by between 20-23 percent since the start of the pandemic.

6.0 Corporate Implications

Employment Implications

- 6.1 There are no direct employment implications contained within this report. A separate report will be presented to the Committee in the future with regard to changes to the terms and conditions of the Housing Repairs Team. The changes likely to be proposed will enable upskilling and career progression of the Team.

Legal Implications

- 6.2 The proposed variation to the current contract terms has been agreed with the Council's Legal Service and the proposed contract extension is covered within the terms of the initial contract.

Corporate Plan Implications

- 6.3 The contents of this report directly contribute to the aims within the Council's Corporate Plan to:
- Support and safeguard the most vulnerable
 - With partners encourage independent living and keep residents healthy and happy in their homes;
 - Promote health and wellbeing across the District
 - Improve the condition of housing stock and public buildings.

Risk Impact

- 6.4 The Contents of this report have a direct impact on the Service Delivery Identified Risk-SD3 – Safety standards: Failure to comply with basic safety standards in flats/blocks with communal areas.

7.0 Community Impact

Consultation

- 7.1 Whilst there is no statutory duty to consult with tenants or the general public on this matter, it will be discussed with the newly formed tenants' group at its next meeting.

Equality and Diversity Impact

- 7.2 There is no direct Equality and Diversity impact contained within this report.

Social Value Impact

- 7.3 The additional "social value" provided by NOVUS since the start of the contract is included at Appendix D.

Environmental Sustainability

- 7.4 NOVUS has already engaged positively with the Council's Environmental guidance and also provided support in the compilation of the bid for SHDG funding.

8.0 Conclusions

- 8.1 This contract was the first "whole house" procurement carried out by the Council to cover all aspects of responsive, planned and cyclical maintenance of Council homes and other buildings. The delayed start to the contract in July 2019 has had a negative impact on the delivery of these services, creating a backlog of at least three months work for the Council and the contractor to manage. The arrival of the COVID pandemic in March 2020 only exacerbated this backlog of works.
- 8.2 Aside from these issues there have been the usual challenges of managing contractor performance under a large and varied contract. In the main, NOVUS has demonstrated that it is more than willing to respond positively to the concerns expressed by the Council, Councillors and tenants. Also, to provide "added value" wherever possible along with an ongoing commitment to improve services for the Council.
- 8.3 Re-tendering this contract at a time when the construction and maintenance market is facing increased materials costs, labour costs and recruitment difficulties is not guaranteed to provide contractors with the capacity to deliver either existing services or the emerging "retrofit" services to meet the Council's Climate and Environmental ambitions.

9.0 Background Papers

Report to the Audit Sub Committee on 13 July 2020

Repair and Maintenance Review Report to Housing and Community services committee 19 August 2021.