

Report for: Cabinet Member for Housing Services, Private Renters and Planning
signing

Title: Award of General Build Contracts for Responsive Repairs, Voids and
Disrepairs Procured via London Consortium Programme (LCP)

Report
Authorised by: David Joyce, Director of Placemaking and Housing

Lead Officer: Cheryl Baker, Head of Repairs and Maintenance

Ward(s) affected: **N/A**

Report for Key/
Non-key Decision: Key Decision

1. Describe the issue under consideration.

- 1.1 This report seeks Cabinet Member for Housing Services, Private Renters and Planning approval to award a contract for building and general build work, for a term of two years. The contract will commence on 1st March 2023 and will end on 28th February 2025.
- 1.2 The contract awarded will be up to the value of £2.m to Kind Diamond Build Consortium Limited for the provision of void repairs, disrepair works and responsive repairs to support Haringey Repairs Service and will be procured via a direct award that is permissible under the Council's London Construction Programme.
- 1.3 £2.5m is the maximum sum permitted to be awarded within the London Construction Programme on a direct award basis. This contract will be awarded at a value of £2m, this is to allow Haringey Repairs Service to draw down services from the contractor in accordance with the framework. The historical volumes and average value of works has been used to calculate the contract value of £2m.
- 1.4 The contract will provide Haringey Repairs Service (HRS) with support during peaks of demand in voids and to support the service in carrying out works as a result of a disrepair claim. This will support the operations where HRS do not have the capacity and where the DLO do not have the capability to carry out specialist works (such as scaffolding) and will also assist in resolving the current void and disrepair backlog. The works will be funded via the repairs and maintenance budgets.
- 1.5 To give authority to issue a legal letter of intent for this contract, which shall not exceed £100,000 or 10% of the total contact price, whichever is the higher value.
- 1.6 This report is written in line with the Council's Contract Standing Order (CSO) 9.07.1(d) (All contracts valued at £500,000 (five hundred thousand pounds) or more at the time of award may only be awarded, assigned, or novated by the Cabinet and standing order 7.01 (b) by selecting one or more contractors from a Framework or similar arrangement

2. Recommendations

- 2.1 The Cabinet Member is asked to approve the direct award of the contract to Kind Diamond Build Consortium Limited for up to the value of £2m, for period of two years from the London Construction Programme (LCP) to undertake void repairs and disrepair works.
- 2.2 Furthermore, the Cabinet Member is asked to delegate authority to approve the final commercial terms to the Director of Placemaking and Housing.
- 2.3 To give authority to issue a legal letter of intent for this contract, which shall not exceed £100,000 or 10% of the total contact price, whichever is the higher value.

3. Reasons for decision

- 3.1 To meet our repair obligations required to carry out repairs to our customers' homes and void properties to ensure that they are well maintained and safe.
- 3.2 There are currently 305 disrepairs cases which, based on an average cost of £3.5k, equates to £1.1m which require contractor resource to deliver. Carrying out this work in a timely fashion would mean that a reduction in compensation payments made in connection with disrepairs would be achieved.
- 3.3 There is currently a backlog of 200 voids and based on the average cost to carry out void works of £5.6k, this equates to £1.1m which require contractor support to deliver.
- 3.4 Whilst the value of this contract at £2m does not have the financial capacity to deliver all the outstanding disrepair and void backlog cases, it would go some way to support the operational delivery and assist in the reduction of the backlog cases. The remainder of the cases will be delivered by other contractors and specialist services which are being procured separately.
- 3.3 The market conditions have negatively impacted on interest when we have gone to market to procure supply chain in the last two years. Equally, retention of staff to support and increase capacity within HRS to keep up with the increased demand across the service currently has been challenging. In order for the DLO to get to a stable state in managing the incoming demand, supply chain support is required.
- 3.4 Four contracts were awarded at the end of 2021 and in early 2022 to a single supplier, this has identified the need for multiple contractors to support HRS. This award is the second of these contracts. Procurement of the supply chain will continue with other general builders and specialist services, such as damp and timber preservation along with scaffolding contracts, being procured in addition to this contract. These will support the delivery of reduction of the current void and disrepair cases along with damp and mould cases.
- 3.5 In July 2021, a report went to Homes for Haringey Board providing an overview of the supply chain position detailing that many of the contracts had exceeded

their maximum contract value. The report also set out a procurement strategy to procure services of contractors moving forward.

- 3.6 Due to the market conditions and internal resources this was not implemented. A further contractor was procured in January 2022 as detailed in paragraph 3.4 of this report; however, they do not have the capacity to undertake works required and have informed us that they are no longer able to undertake the work at the tendered value.
- 3.7 Procurement of the supply chain will continue with other general builders and specialist services being procured in addition to this contract to support the delivery of reduction of the current void and disrepair cases along with damp and mould cases.

4. Alternative options considered

- 4.1 Do Nothing – There is insufficient DLO and supply chain resource currently and therefore this is not an option. Due to the Councils repairing obligations and disrepair protocol. Delays in carrying out void repairs will increase the demand for temporary accommodation and will impact on rent loss. Delays in carrying out disrepairs will result in the council being in breach of legal obligations in connection with disrepair claims and attract higher repair costs. Delays in addressing the responsive repairs backlog will impact on customer satisfaction and will pose a reputational and health and safety risk to our customers and housing stock.
- 4.2 In House delivery – Recruitment for core trades is on-going, however, some of the works are of a specialist and complex nature which the workforce do not have the capacity or the capability to deliver. There is also a peak workload due to historic issues with insufficient supply-chain which need to be resolved. Equally, the backlog of demand and the recruitment market are both currently challenging and therefore it will be difficult to increase workforce capacity quickly. Any additional workforce resource will also require additional supervisor capacity and additional fleet.
- 4.3 Seek to procure and gain further depth in the supply chain by carrying out a procurement exercise utilising the South-East Consortium Dynamic Purchasing System to enter into contract with appropriate contractors. This work has commenced but attracts a longer lead in period and it is anticipated that this will result in contracts awarded to the expected value of £10m for a three-year period.

5. Background

- 5.1 Haringey Repairs Service currently has a backlog of circa 500 disrepair cases which require progressing, the works are required to be carried out in accordance with legal disrepair protocol which attract certain timescales and have legal and financial consequences if timescales and actions are not met.
- 5.2 During the pandemic lock downs, Haringey Repairs Service carried out emergency repairs only, this had an impact on the overall repairs and voids service resulting in a backlog of responsive repairs – some of which have led to disrepair claims, an increase in void volumes and disrepair cases overall. All of which require additional supply chain resources to help address.

- 5.3 Market conditions are currently challenging and have impacted on our ability to recruit additional members of the workforce and procure and retain a supply chain who have the ability to deliver operationally at the tendered values.
- 5.4 Significant costs, customer dissatisfaction, reputational risk can be attributed to the current position in terms of operational delivery.
- 5.5 The contract will be awarded via Haringey Council's London Construction Programme framework which allows for a direct award up to the value of £2m. Kind Diamond Build Consortium have been identified as having the capability, capacity, based locally and have a history of working with Haringey Council and delivering the quality of works expected. All commercial terms are in accordance with the LCP framework and have been benchmarked prior to be accepted on to the framework.

It is anticipated that formal contracts can be entered in March 2023.

- 5.6 This is line with the approach agreed in January 2021 with the Homes for Haringey Board approved a procurement strategy to achieve contract compliance across Haringey Repairs Service to resolve existing contracts which were not compliant with standing orders and public procurement regulations.
- 5.7 All work allocated to Kind Diamond Build Consortium Limited will be allocated through our workforce management system utilising the National Housing Federation schedule of rates. The NHF schedule of rates provides clear descriptions of tasks and values for each task providing a clear audit trail of work carried out and fixed costs for each task.
- 5.8 All work carried out by Kind Diamond Build Consortium Limited will be funded via the existing HRS repairs budget lines and no additional budget or case for additional funding will be required.
- 5.9 It also represents our ongoing commitment to improve the service for our customers.

6. Contribution to strategic outcomes

- 6.1 This project will help to achieve the Borough Plan Outcome 3: 'we will work together to drive up the quality of housing for everyone'. This will include contributing to delivering the following objectives: -

- Ensure safety in housing of all tenures across the borough, responding to any new regulations as they emerge.

7. Statutory Officer Comments

7.1 Finance -

- 7.1.2 This contract is for the provision of void repairs, disrepair works and responsive repairs, to support Haringey Repairs Service (HRS).

- 7.1.3 The maximum sum of contract to be awarded is £2m for a period of two years.
- 7.1.4 This is in addition to another external contract in place to support the HRS, for a sum of £499,000.
- 7.1.5 The £2m contract sum is based on best estimate of historic volumes and average value of works.
- 7.1.6 The £2m contract will be funded from the existing repairs service budget.
- 7.1.7 The actual spend will be monitored against the budget and reported as part of the regular budget monitoring.

7.2. Legal

- 7.2.1 The Head of Legal and Governance (Monitoring Officer) has been consulted in the preparation of the report.
- 7.2.2 The procurement of this Contract was by a direct call-off from the London Construction Programme Major Works Framework (LCP).
- 7.2.3 Pursuant to Contract Standing Order 16.02 a Cabinet Member with the relevant portfolio responsibilities has authority to approve the recommendations in the report.
- 7.2.4 The Head of Legal and Governance sees no legal reasons preventing the Cabinet Member for Housing Services, Private Renters and Planning from approving the recommendations in the report.

7.3. Procurement Comments

- 7.3.1 Strategic Procurement confirm that the recommendation is compliant with the authority's Contract Standing Orders and the Public Contract Regulations 2015.
- 7.3.2 The London Construction programme framework allows direct awards up to a value of £2.5m. The framework has been live since July 2019 and is live for a period of 5 years until July 2024.
- 7.3.3 The framework permits open forms of contract using industry standards such as JCT and NECN
- 7.3.4 Strategic Procurement see no reason to not to support the report recommendation to award the contract.

8. Equalities

In recognition of its public sector equality duties, the Council is committed to commission services to help promote equality of opportunity.

It seeks to do this by ensuring that procurement is transparent and that relevant equalities issues are identified and considered at key stages in the entire process. In respect of both service delivery and the selection process used.

8.1 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

8.2 The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex, and sexual orientation. Marriage and civil partnership status apply to the first part of the duty.

9. Use of appendices

Not applicable

10. Local Government (Access to Information) Act 1985

Not applicable