

Homes and Neighbourhoods
222 Upper Street

Report of: Executive Member for Homes and Communities
Meeting of: Executive
Date: 8th February 2024
Ward(s): All

Subject: Procurement Strategy for Responsive Repairs and Maintenance Contracts

1. Synopsis

1.1. This procurement strategy report seeks approval for the procurement strategy in respect of the following works, in accordance with Rule 2.8 of the Council's Procurement Rules (the "Rules"):

- General Build Repairs and Maintenance Works
- Electrical Repairs and Maintenance Works
- Roofing Repairs and Maintenance Works (With Provision of Scaffolding)
- Brickwork Repairs and Maintenance Works

2. Recommendations

2.1. To approve the procurement strategy for the following works as outlined in this report:

- General Build Repairs and Maintenance Works
- Electrical Repairs and Maintenance Works
- Roofing Repairs and Maintenance Works (With Provision of Scaffolding)
- Brickwork Repairs and Maintenance Works

2.2. To approve the extension of the current General Build contract for seven (7) months.

2.3. To approve the extension of the current Roofing Repairs and Maintenance (Including scaffolding) contract for seven (7) months.

2.4 To delegate authority to the Acting Corporate Director of Homes and Neighbourhoods, following consultation with the Executive Member for Homes and Communities, to appoint contractors to the relevant frameworks and award the Brickworks contract and authorise entering into the contract.

3. Background

Nature of the service

3.1. The Council is a landlord to around 35,000 Council tenants and leaseholders living in homes located across the borough. In addition, the Council manages 4,500 public buildings including Council offices, depots, and school buildings. As a landlord the Council is responsible for ensuring that repairs needed to its residents' homes are carried out promptly. The Council has an in-house repairs and maintenance team which complete the majority of the day-to-day repair jobs in Council tenants' homes and to its housing blocks and estates. The in-house team however require assistance when there are peaks in demand for services or to undertake specialist tasks. In these circumstances the team rely on a number of support contractors. These support contracts include the areas of general build, roofing, brickwork and electrical works which are covered by this report. The contracts procured as a result of this strategy will be available for other Council departments to access as needed.

3.2. Each framework/contract will be designated to a Contract Officer within the Repairs structure that will conduct monthly operational meetings with the contractors. The relevant service area that oversees the contract operationally will also be present in both meetings to ensure contractors are aligned in delivering the best service delivery possible as well as overseeing and managing the work on site.

3.3. The existing contracts are all expiring during 2024. To streamline the decision-making process for the procurement of these individual contracts the recommended strategy for their procurement has been combined in this report.

General Build Repairs and Maintenance Works

3.4. The Council intends to appoint up to four (4) contractors to a framework agreement to deliver borough-wide general building works, including damp and mould treatment works, plumbing, carpentry, metal work, glazing as well as assisting the in-house team with Out of Hours emergency cover. These works will be completed in Council tenants' homes. Contractors will be required to provide cover for the entire Borough. Call-off contracts for works will be issued to contractors in rotation. This will be closely monitored by the

Contract Officers and service manager overseeing the contractor's operational works, utilizing KPI information that is available on the IT management system to ensure contractors have a fair share of the most and least profitable areas. This is a move away from geographical rotation which is in place with the current contract. A decision has been made to amend the works allocation approach from that currently in place as under the current geographical rotation contractors sometimes rejected works if they are not in their designated area.

- 3.5. The current general build works contracts expire on 2nd March 2024.

Electrical Repairs and Maintenance Works

- 3.6. The Council intends to appoint up to two (2) contractors under a framework agreement to deliver borough-wide electrical repairs and maintenance works including out of hours cover, primarily to Council residential properties including communal areas. This framework agreement will include out of hours emergency cover. Contractors will be required to provide cover for the entire Borough. Call-off contracts for works will be issued to contractors in rotation. This will be closely monitored by the Contract Officers and service manager overseeing the contractor's operational works, utilizing KPI information that is available on the IT management system to ensure contractors have a fair share of the most and least profitable areas. This is a move away from geographical rotation which is in place with the current contract. A decision has been made to amend the works allocation approach from that currently in place as under the geographical rotation contractors have sometimes rejected works if they are not in their designated area. This will ensure leaseholders have the opportunity to benefit from equitable pricing.
- 3.7. This framework agreement will cover electrical related repairs, for example repairs to switches, sockets, light fittings etc. It will also include repairs to communal and estate lighting including electrical intakes.
- 3.8. The current electrical repairs and maintenance contracts expire on 5th April 2024.

Roofing Repairs and Maintenance Works (With Provision of Scaffolding)

- 3.9. The Council intends to appoint up to four (4) contractors under a framework agreement to deliver roofing repair works (with provision for scaffolding), as well as assisting the in-house team with Out of Hours emergency cover, primarily to Council residential properties including communal roofs and exteriors of buildings. Contractors will be required to provide cover for the entire Borough. Call-off contracts for works will be issued to contractors in rotation. which will be closely monitored by the Contract Officers and service manager overseeing the contractor's operational works, utilizing KPI information that is available on the IT management system to ensure contractors have a fair share of the most and least profitable areas. This is a move away from geographical rotation which

is in place with the current contract. A decision has been made to amend the works allocation approach from that currently in place as under the geographical rotation contractors have sometimes rejected works if they are not in their designated area.

- 3.10. The framework agreement will cover roofing repairs to residential properties and estates, including communal areas and facilities. The successful contractors will also be expected to supply and install scaffolding to facilitate the delivery of repairs.
- 3.11. The current roofing repairs works contracts expire on 13th April 2024.
- 3.12. Due to staffing resource issues and a large volume of procurements expiring simultaneously within the service, there was a delay to the start of the new procurement of this framework agreement. In order to ensure a thorough process is completed and sufficient time is given to mobilise the new framework agreement it is necessary to implement a seven (7) month extension to the existing General Build and Maintenance and Roofing Repairs and Maintenance contracts. This extension is required to prevent a break in the supply of these critical services for tenants and leaseholders while we complete the procurement exercise.

Brickwork Repairs and Maintenance Works

- 3.13. The Council intends to procure one (1) contractor to deliver brickwork repairs required primarily for Council residential properties and estates as well as communal areas and facilities where required.
- 3.14. The contract will be used primarily by the in-house Housing Repairs Service and then by the Estate Maintenance Team during busier 'peak' times.
- 3.15. Brickwork repair works is currently built into the current general build works contract. However, with the end of this contract approaching, the Council are looking for a specialist provider to carry out brickwork repair works. It has been identified that the quality of brickwork repairs has fluctuated due to the use of sub-contractors. Separating Brickwork from the General Build contracts is intended to provide the Council with a more reliable and higher quality service and more direct control over the contractual relationship.
- 3.16. This is a new contract requirement so there is no expiry.

4 Estimated Value

General Build Repairs and Maintenance Works

- 4.1. The estimated aggregate value of the call-off contracts under this framework agreement is £4,600,000 (VAT inclusive) (£1,150,000 per annum), based on a maximum term of forty-eight (48) months. The initial term will be twenty-four (24) months with the option to extend for a further period of twenty-four (24) months. Leaseholder consultation does not apply to the call-off contracts under the framework agreement as these works will only be carried out to Council tenants' homes.

Electrical Repairs and Maintenance Works

- 4.2. The estimated aggregate value of the call-off contracts under this framework agreement is £3,300,000 (VAT inclusive) (£825,000 per annum), based on a maximum term of forty-eight (48) months. The initial term will be twenty-four (24) months with the option to extend for a further period of up to twenty-four (24) months.

Roofing Repairs and Maintenance Works (With Provision of Scaffolding)

- 4.3. The estimated aggregate value of the call-off contracts under this framework agreement is £8,246,000 (VAT inclusive) (£2,036,500 per annum), based on a maximum term of sixty (48) months. This is an anticipated future spend on roofing contractors at £993,100 per annum, and scaffolding contractors at £1,043,400 per annum. The initial term will be twenty-four (24) months with the option to extend for a further period of twenty-four (24) months.

Brickwork Repairs and Maintenance Works

- 4.4. The estimated aggregate value of this contract is £1,960,000 (VAT inclusive) (£280,000 per annum), based on a maximum contract term of eighty-four (84) months. The initial term will be forty-two (42) months with the option to extend for a further term of forty-two (42) months.

Extension to General Build Repairs and Maintenance and Roofing Repairs and Maintenance (including scaffolding) contracts

- 4.5. As detailed in paragraph 3.12 above, the Council needs to extend its current General Build and Maintenance and Roofing Repairs and Maintenance contracts for seven (7) months. The estimated costs of the extension to the General Build and Maintenance contract is £670,000 (VAT inclusive), and the estimated costs of the extension to the Roofing Repairs and Maintenance contract is £1,187,958 (VAT inclusive).
- 4.6. All estimated values detailed in paragraphs 4.1 to 4.5 above are based on budget allocation data on the types of works. These estimates are predicted to be considerably lower than the Council's actual historic spend due to recent investment in capital works programmes taking place that saw a delay during COVID-19. The Service notes that the

reduced investment in capital works during this period resulted in assets falling under disrepair and increased the number of repairs the Service carried out in areas such as plastering to maintain housing stock.

4.7. Historical spend over the past two (2) years is outlined in the table below. Brickwork repairs carried out for in-house repairs team is incorporated in the General Build historical spend figure. Historical spend shown in the brickwork repairs column has been carried out for the Estate Maintenance Team only.

Year	Electrical	General Build, Roofing and Scaffolding	Brickwork (EMT)
2021/22	788,108.14	3,287,775.99	539,501.01
2022/23	995,432.06	3,562,540.67	536,782.94
2023/24	502,502.37	2,702,903.18	129,055.17
Total	2,286,042.57	9,553,219.84	1,205,339.12

4.8. The Service recognises damp and mould related work have had an increase on the spend that was not previously budgeted. In-line with the damp and mould works there has been a 40% increase of work orders over the Service.

4.9. Measures have been introduced to reduce certain works i.e. works to fences, gardens, new window insulations etc. Due to the number of non-procured contractors, the Service have had to introduce this has also made it difficult to control spend, as increased rates have been agreed. The Capital program is now delivering more work to our Housing stock that will also reduce the number of repairs moving forward. In addition, the Service are working with our Health and Safety team to review working at height access options to potentially reduce the use of scaffolding.

- 4.10. There will be no guarantee of volumes of works issued under the framework agreement and contract for brickworks. Values may decrease if there is any further expansion of the in-house teams during the terms of the contracts or for any other reasons.
- 4.11. Due to the length of these framework agreements and the brickworks contract, it is proposed an indexation clause is included within the framework and contract terms. The indices chosen are Consumer Prices Index (CPI). There will be no guaranteed or automatic annual uplift and contractors will need to evidence to the Council justification for any uplift prior to it being approved.
- 4.12. The works will be funded through existing Housing Revenue Account (HRA) repairs and maintenance budgets for works carried out linked to Council housing stock. Any works raised against public buildings will be funded from existing General Fund repairs and maintenance budgets.

5. Timetable

- 5.1. To ensure the framework agreements and brickworks contract that meets the Council's specific needs are in place as quickly as possible, the indicative timetable for the procurement is:
- Approval of procurement Strategy – February 2023
 - Publication of tender packs – March 2023
 - Evaluation of tenders – March/April 2024
 - Leaseholder consultation (where applicable) – May 24
 - Approval of contract awards – June 2024
 - Contract mobilisation period – July 2024
 - Start of framework agreements and brickworks contract – September 2024
- 5.2. In preparation of the procurement strategy the Service has consulted with the Health and Safety, Finance, Legal and Strategic Procurement Teams.
- In line with the leaseholder consultation obligations set out in Section 20 of the Landlord and Tenant Act 1985, Council leaseholders will be consulted about the proposed procurements below, and as such, consultation will be built into the timetable for awarding the following: Electrical Repairs and Maintenance Works
 - Roofing Repairs and Maintenance Works (With Provision of Scaffolding)
 - Brickwork Repairs and Maintenance Works

6. Options Appraisal

- 6.1. The following procurement routes have been considered as part of the planning for this procurement exercise:
- Do nothing
 - Deliver the works in-house
 - Use of an external framework agreement or Dynamic Purchasing System (DPS)
 - A competitive tender using the Open Procedure
 - A collaborative approach with other Council services
 - A collaborative approach with other boroughs
- 6.2. Do nothing - In view of the nature of the works, doing nothing is not an option. The Council has a statutory obligation to deliver the services in question, and to allow the contracts to expire without putting further provision in place would mean the Council leaves itself open to legal challenge and enforcement measures. There is a risk of death and/or serious injury should equipment fail to be repaired in accordance with legislative requirements. This would pose a significant risk to the Council's reputation.
- 6.3. In-house - The primary benefit of the insourcing option for the Council would be that it would achieve a greater level of control over the delivery of each of the works. The proposed framework agreement and brickworks contract provide back-up resources to support with fluctuations in varying workloads and specialist works in the case of brickwork. Recruiting specialists and additional staff resources, equipment and materials to support services and oversee the management of these different areas means insourcing is not considered a viable option. The Service continually keeps this under review and endeavours to make recommendations to bring elements of services in-house where this is the best option for the Council and its residents.

Furthermore, if all these works were to be undertaken in house this would result in in-house operatives being underworked. These contracts are procured for the overspill of repairs and tends to not be a constant stream of works that would warrant bringing in additional staff resources. In addition, with brickwork, the service have attempted to recruit specialist operations and have been unsuccessful due to the specialist nature of the trades. Finally, the service intends to add to all term briefs the expectation that all successfully procured suppliers ensure they use the construction directory as the first preference for any sub-contracted support.

- 6.4. Further competition through an external framework agreement - Several existing external framework agreements and a DPS were considered as part of the options appraisal for the procurement. The benefits of using an existing framework are that suppliers have already completed a pre-qualification process to join the framework, meaning the Council can complete procurement exercises more quickly. Drawbacks of this option is that the Council has slightly less control and may have reduced ability to adjust the selection

criteria, as it needs to work within the existing rules of the procured framework. In addition, the requirement to undertake leaseholder consultation for the electrical, roofing and brickwork works presents difficulties using this option.

- 6.5. Competitive tender using the Open Procedure - this option provides multiple positive opportunities for the Council. This option is quicker to undertaken than the two stage Restricted Procedure. In addition, the Council will have more control over the procurement process. and it is easier to accommodate the requirements for leaseholder consultation within this process. Suppliers that may not be on existing framework agreements, which could include local suppliers, will have the opportunity to bid. The drawback of this option is that it may take slightly longer to progress than using an existing framework agreement. It is recommended to use this option for the Electrical, Roofing and Brickwork contracts as these require leaseholder consultation and we would like to encourage a wider selection of suppliers to bid for these contracts. The Council will use the open procedure for General Build and Maintenance to ensure the Council has a wider selection of contractors.
- 6.6. Collaboration with other Council services – All four supply requirements within this strategy will be made available for other parts of the Council to utilize it.
- 6.7. Collaboration with neighbouring authorities – this is not an option at present as neighbouring local authorities service delivery models are different to Islington's. The differences in service delivery include timescales for delivering repairs, how repairs are managed including the IT systems in use. These differences make it unviable to collaborate on repairs and maintenance contracts at this time.
- 6.8. In summary the recommended procurement routes for all contracts covered by this strategy report is competitive tender using the Open Procedure.

7. Key Consideration

- 7.1. Delivering social value to Islington residents will be a contractual obligation for the successful contractors. A clear set of rigorous social value measures and targets will be included in each specification. Social value proposals made within the tender submissions will form an important element of the quality evaluation, which will be 20% of the quality score. Performance in relation to delivery of social value commitments made will be monitored at regular contract meetings and will be a consideration in any decision to award an extension.
- 7.2. The chosen contractors will be required to provide apprenticeship opportunities for residents to train to become specialist technicians in this field throughout the length of this contract. The potential total length of the contract is an excellent opportunity to recruit

and train a full programme of apprentices with a view to moving them into full-time employment by the end of the contract term. The contractors will work with the council's iWork service on a local first approach to recruitment of residents to fill vacancies linked to the delivery of this contract, especially those who are disadvantaged in the labour market, as a contractual requirement of this contract. The contractors will be encouraged to increase the diversity of their workforce, particularly in the training and recruitment of more women into the sector. The contractors will be required to support the council's 'Making Every Contact Count' initiative to ensure its workforce use interactions with residents as an opportunity to provide them with signposting to targeted support and guidance from council or other services. The contractors will also be encouraged to support the local economy by exploring opportunities to develop and work with locally based contractors in their supply chain. This commitment will increase local economic growth and help with local employment opportunities.

- 7.3. Contractors will work with the Council's iWork service to assist with recruitment to vacancies linked to the delivery on a local first approach, especially those who are disadvantaged in the labour market, as a contractual requirement of the framework agreements and brickworks contract. The contractors will be encouraged to increase the diversity of their workforce, particularly in the training and recruitment of more women and other under-represented groups in the sector.
- 7.4. Contractors will also be encouraged to support the local economy by exploring opportunities to develop and work with locally based contractors in their supply chain. They will also be encouraged to work with the Council on initiatives to develop their skills to enable them to grow by developing their ability to bid for more work opportunities. This commitment will increase local economic growth and help with local employment opportunities.
- 7.5. In addition, contractors will need to demonstrate their commitment and support to council priorities related to net-zero carbon and environmental protection. These measures will reduce the carbon footprint of the delivery of this service, for example, by using electric vehicles to undertake works and using sustainably sourced materials, whenever possible. Contractors will also be required to consider and take reasonable steps to protect wildlife when necessary or appropriate to the works.
- 7.6. Environmental benefits that will be delivered through the framework agreements and contract include:
 - Requirement to stock non-oil based products for health and safety reasons which will also have environmental benefits.

- Waste management policies and procedures. Ensuring the service meets hazardous waste, Waste Electrical and Electronic Equipment (WEEE) and Duty of Care Regulations especially in terms of WEEE disposal, asbestos and the environmental cleaning service.
- Chosen contractors to have robust waste management policy and practices in place.
- Encourage use of vehicles which release fewer pollutants, where this is possible and to minimise journeys through efficient stock management.
- Encourage contractors to use energy and water saving and recycling measures within the store.
- Pollution prevention – ensuring the service minimised the number of pollution incidents to land, water and air through well managed procedures and operational controls. The service/supplier needs to implement a certified Environmental Management System certified to ISO14001.
- Whole life costing of products purchased; especially in terms of products that require energy to function and the cost of parts for repair.

7.7. London Living Wage will be included as a condition of the framework agreement and brickworks contract. The successful contractors will need to ensure that the staff they employ have clear and fair Terms and Conditions of employment, access to Trade Unions and training opportunities. The specifications will ensure the successful contractors are prohibited from recruiting any operational or administrative staff on a zero-hour contract.

7.8. There may be TUPE implications resulting from these contracts. This is being checked with the current contractors and the results will be made available securely as part of the tender process.

8. Evaluation

8.1. Separate tenders for General Build, Electrical, Roofing and Brickwork will be conducted in one stage, known as the Open Procedure, as the tender is 'open' to all organisations who express an interest. The Open Procedure includes minimum requirements which organisations must meet before the rest of their tender is evaluated.

8.2. Appointment to the framework agreements and award of the brickworks contract will be to the Most Economically Advantageous Tenders (MEAT) and the award criteria will be set at 60% quality and 40% cost. The current construction market is volatile, and the cost and quality split will ensure the Council appoints contractors that can deliver a high level of service at a sustainable price, achieving the best value overall.

8.3. The weighting of the quality criteria will be broken down as follows:

- Proposed approach to Social Value (20%)

- Proposed approach to maintaining documentation and managing remedial works required (10%)
- Proposed approach to health and safety (10%)
- Proposed approach to quality management and managing and prioritising workloads (10%)
- Proposed approach to mobilisation, resourcing and service delivery (10%)

9. Business Risks

9.1. There is a risk that owing to economic uncertainty of the materials market and increases in the cost of delivering the works during the contract terms. This will be mitigated through robust contract management, ensuring that the contractors have the opportunity to identify their risks and discuss these with the Council in the monthly operational meetings. The service has clear and measurable impacts on many of the council's priorities and corporate objectives, most notably 'A safe place to call home'. Due to the potential of the service to impact on the health, wellbeing and safety of the council's residents and staff, any break in the continuity of the service will have an impact on the council – particularly regarding the council's reputation.

9.2. The business risks associated with the procurements are summarised as follows:

Risk	Likelihood	Impact	Priority	Mitigation
Delays to the procurement process result in limited mobilisation time for new contractors	High	High	High	A project plan is in place and the Project Team will ensure agreed key milestones are met.
Gap between expiry of current contracts and new arrangements	High	High	High	Ongoing discussions with current contractors and legal team to ensure interim arrangements are in place until the commencement of the framework agreements and brickworks contract.

Procurement is unsuccessful with no suitable contractors tendering or being identified	Low	High	High	Interim emergency measures will be sought and plans to re-procure put in place
The successful tenderers pull out of the respective contract prior to start of the contract	Low	High	High	Interim emergency measures will be sought and plans to re-procure put in place
The successful tenderers pull out of the respective framework agreements or brickworks contract during the life of the contract	Medium	High	Medium	Interim emergency measures will be sought and plans to re-procure put in place. A framework agreement with more than one contractor will mean that the Council does not need to re-procure. This is not the case for brickworks contract.

9.3. The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sell or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.

9.4. The following relevant information is required to be specifically approved in accordance with rule 2.8 of the Rules:

Summary	
Relevant information	Information/section in report

<p>1. Nature of the Service</p>	<p>The Council requires the following back-up frameworks agreements and contract to support the in-house housing repairs and maintenance service.</p> <ul style="list-style-type: none"> • General Build Repairs and Maintenance Works Framework Agreement • Electrical Repairs and Maintenance Works Framework Agreement • Roofing Repairs and Maintenance Works (With Provision of Scaffolding) Framework Agreement • Brickwork Repairs and Maintenance Works contract <p>See section 3</p>
<p>2. Estimated Value</p>	<p>The estimated value of the works to be procured is set out in the body of this report.</p> <p>See section 4</p>
<p>3. Timetable</p>	<p>See section 5</p>
<p>4. Options appraisal for tender procedure including consideration of collaboration opportunities</p>	<p>See section 6</p>
<p>5. Consideration of:</p> <ul style="list-style-type: none"> • Social benefit clauses; • London Living Wage; • Best value; • TUPE, pensions and other staffing implications 	<p>See section 7</p>
<p>6. Award Criteria</p>	<p>See section 8</p>

7. Any business risks associated with entering the contract	See section 9
8. Any other relevant financial, legal or other considerations.	See section 9

10. Implications

10.1. Financial Implications

- 10.1.1. The works to be procured under the framework agreements and brickworks contract described in this report will be financed through the Housing Revenue Account (HRA) Repairs and Maintenance budget of the Council. For the financial year 2023-24, this budget totals £45.211 million. Out of this allocation, an aggregated budget of £6.655m has been designated to cover expenditure related to subcontractor works and services, encompassing general repairs, electrical repairs, roofing repairs, scaffolding, and brickwork repairs, among others.
- 10.1.2. The majority of the works and services to be undertaken by contractors are anticipated to fall under revenue expenditure. However, there is a possibility that certain works may be classified as capital expenditure. In such cases, the funding for these projects will be drawn from the HRA's Major Works high value repairs capital budget, which for 2023-24 amounts to £0.800m.
- 10.1.3. It is expected that on each framework agreement/contract anniversary, an annual adjustment to the values will be implemented. Consumer Prices Index (CPI) will be applied. There will be no guaranteed or automatic annual uplift and contractors will need to evidence to the Council justification for any uplift prior to it being approved.
- 10.1.4. The works and services carried out by contractors are driven by demand, and therefore, the precise annual values remain uncertain. These figures are approximations based on the current demand levels. It is anticipated that the annual cost for general build work will amount to £1.380m (VAT inclusive), or £4.600m (VAT inclusive) over the maximum 4-year framework term. Electrical repairs are projected to cost £0.990m (VAT inclusive) annually, or £3.960m (VAT inclusive) throughout the 4-year maximum framework term. Roofing repairs and scaffolding are estimated at £2.443m (VAT inclusive) per annum, totalling £9.773m (VAT inclusive) over the maximum 4-year framework term. Brickwork repairs are expected to be £0.336m (VAT inclusive) annually, accumulating to £2.352m (VAT inclusive) over the 7-year maximum contract term. The total estimated annual expenditure

for all categories is £5.149m (VAT inclusive). General build, roofing and scaffolding, and electrical estimated values fall in line with historical expenditure across these activities, as such, is containable within the existing budget provision. In the past, the yearly expenditure on brickwork has surpassed the estimated value of £0.336m (VAT inclusive) for brickwork. It is anticipated that the capital investment in our stock, facilitated by the major works programme, will avert asset deterioration, subsequently lessening the demand for brickwork activity and fall within the allocated budget envelope.

- 10.1.5. If the expected reduction in demand doesn't occur, there might be consequences for the budget designated for other works and services funded via the subcontractor budget allocation. This situation could result in reduced funding for these activities or create a cost pressure on the existing budget, resulting in growth to the HRA which would need to be met from HRA general reserves.
- 10.1.6. As noted in section 3.12, it is anticipated that resourcing constraints could result in the need to extend the existing general build repairs and maintenance works contracts and roofing repairs and maintenance works contracts beyond contract expiry by 7 months at an estimated cost of £2.229m (VAT inclusive). It is expected that the cost of extend the existing contracts will be met from the 2024-25 subcontractor budget provision.
- 10.1.7. In recent years, spending on the repairs and maintenance service has shown a consistent upward trend. Notably, the expenditure on subcontractors has consistently exceeded its allocated budget on an annual basis. While the broader repairs and maintenance budget has managed to mitigate some of the financial pressures stemming from subcontractor expenditure, the task of keeping expenditure within the existing budget limits is becoming progressively more difficult. Moreover, additional pressures faced by the HRA, such as addressing issues like damp and mould and complying with new building safety requirements, are likely to further burden HRA finances. Consequently, it has become increasingly vital to establish mechanisms that enable management to regularly assess and regulate activities, ensuring effective budget management and expenditure is kept within its budget envelope. In the event expenditure cannot be contained within allocated budgets then any financial pressures would represent growth to the HRA and it may become necessary to find savings from major works (capital) or from day-to-day landlord activities such as housing management.

10.2. **Legal Implications**

- 10.2.1 The value of the proposed framework agreements for General Build and Maintenance and Electrical Repairs and Maintenance and the contract for Brickworks are below the threshold at which the Public Contracts Regulations 2015 (as amended) ("the Regulations") applies to the procurement of works (currently £5,336,937 inclusive of VAT

and will be £5,372,609 inclusive of VAT from 1st January 2024). As such, the Council is not required to procure the framework agreements or brickworks contract fully in accordance with the Regulations, although as a public body should procure in accordance with the principles in the Regulations of transparency, equality and proportionality. The framework agreements and call-off contracts and contract are also subject to the Rules.

- 10.2.2 The value of the proposed framework agreement for Roofing Repairs and Maintenance is above the threshold at which the Regulations apply to the procurement of works (currently £5,336,937 inclusive of VAT and will be £5,372,609 inclusive of VAT from 1st January 2024). As such, the Council is required to procure the framework agreement fully in accordance with the Regulations.
- 10.2.3 As detailed in paragraphs 3.4, 3.6 and 3.9, the commissioning intention is to appoint more than one contractor to the three framework agreements and award the works on a rotation basis to the contractors appointed to the framework agreements. Provided that the Council ensures that its procurement documents and framework agreements are entirely transparent as to its intention and how it will operate, this rotational approach is permissible.
- 10.2.4 Due to the delay in commencing the procurements as detailed in paragraph 3.12, the Council requires a seven (7) month extension to the current General Build and Maintenance and Roofing Repair and Maintenance contracts. Legal Services and Procurement have advised that the extension of the contracts are not permissible under the Regulations and the Council could be challenged. The likelihood of a challenge may be lower due to the short extension and the imminent procurement process. The decisionmaker needs to balance the risk of the Council receiving a procurement challenge against the Council not having contractors readily available for General Build and Maintenance and Roofing Repairs and Maintenance and having to undertake procurement each time the relevant works are required to approve the recommendation to extend.
- 10.2.5 As the works detailed in paragraph 5.3 will be undertaken on leasehold properties, the Council will need to undertake statutory consultation with leaseholders in accordance with section 20 of the Landlord and Tenant Act 1985. The Council will need to ensure that any consultation is sufficient and occurs sufficiently early in the process such that the outcome of the consultation can be considered in any decision.
- 10.2.6 Rule 24.2 states that all contracts over £24,999 will need formal conditions prepared or agreed by the Legal Services Team. The Council's Legal department will prepare the terms of the framework agreements and call-off contract terms and conditions, contract for brickworks and variations to extend the current General Build and Maintenance and Roofing Repairs and Maintenance contracts, as applicable, to ensure they comply with the

Rules relating to contract provisions. The Council intends to utilise the relevant form of JCT contract for the call-off contracts and brickworks contract. Following award, the contract and details of the award must be published on Contracts Finder. All contracts with a value above £500,000 will need to be sealed.

10.2.7 The value of the proposed call-off contracts will vary. A Corporate Director has responsibility to award contracts paid for using revenue money of up to £2,000,000 of spend and contracts paid for using capital money of up to £5,000,000 of spend (Rule 18.1.1). Therefore, as the value of the framework agreements and the brickworks contract are over to £2 million (revenue spend) the decision to appoint suppliers to the framework agreement and to award the brickworks contract is the responsibility of the Executive. The officers responsible for awarding the call-off contracts will depend upon the value of the call-off contracts. Under Rule 16.2 the Executive may delegate its responsibilities under Rule 16 to approve the award of contracts where the value of the contracts exceeds the officers delegated authority to Corporate Directors.

10.2.8 The Local Government Act 1999 requires the Council to make arrangements to achieve Best Value in the exercise of its functions when considering service provision.

10.2.9 The Council has power to enter the contract under section 111 of the Local Government Act 1972 and section 1 of the Local Government (Contracts) Act 1997 which enable the Council to carry out any activity that is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions, and to enter contracts accordingly.

10.2.10 The Executive can approve the Recommendations contained in this report provided they are satisfied with the contents of the report and they consider the proposed procurement represents best value for the Council.

10.3. **Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**

10.3.1. The proposed framework agreements and brickworks contract will have several environmental impacts. These include journeys made by the contractors, the use of energy, water and materials, the generation of waste, the use of chemicals during the testing process, and the potential for disturbance of biodiversity such as roosting bats during works in roof spaces.

10.3.2. There are several ways in which these impacts will be mitigated. The brief for the works will set out expectations regarding waste, vehicle and plant use. Contractors will be asked to source goods from sustainable sources and with recyclable packaging and ensure materials/equipment used is recyclable and repairable (including returning waste parts to suppliers). They are also expected to ensure that water loss is kept to a minimum and that

any electrical equipment replaced is more energy efficient where possible. The contractor is also legally required to protect any roosting bats and nesting birds they encounter.

10.4. **Equalities Impact Assessment**

10.4.1. The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.

10.4.2. Equalities Impact Assessments were completed for each of the works during August 2023. The main findings of these impact assessments are that the delivery of the works will not have any negative impact on any persons within the protected characteristics groups. It is important that the individual needs of residents be considered as part of delivery, in particular the needs of disabled people, such as those with mobility, visual or hearing impairments. The full Equalities Impact Assessments are appended.

11. Conclusion and reasons for recommendations

11.1. The Council has an on-going requirement to procure a number of back-up and specialist contracts to support its in-house housing repairs and maintenance services as set out in this report. The procurement of contractors for General Build and Maintenance, Electrical repairs and Maintenance, Roofing Repairs and Maintenance and Brickwork Repairs and Maintenance is required to support the continuity of service for the delivery.

11.2. The report sets out the reasons for the recommended procurement options for each of the works covered by this report.

11.3. The report sets out the reason for a seven (7) month extension period of the current Roofing Repairs and Maintenance (including scaffolding) contract to ensure there is no break in supply of a critical service.

11.4. The report sets out the reason for a seven (7) month extension period of the General Build and Maintenance contract to ensure there is no break in supply of a critical service.

Appendices:

- Equalities Impact Assessment for General Build Works

- Equalities Impact Assessment for Electrical Repairs and Maintenance including Out of Hours Cover
- Equalities Impact Assessment for Roofing Repair Works
- Equalities Impact Assessment for General Brickwork Repair Works

Background papers:

- None

Final report clearance:

Authorised by: Executive Member for Homes and Communities

Date: 25 January 2024

Report Author: Demetria Kinobe
Tel: 0207 527 3330
Email: Demetria.Kinobe@islington.gov.uk

Financial Implications Author: Hoi Ly
Tel:
Email: Hoi.Ly1@islington.gov.uk

Legal Implications Author: Jabeen Story
Tel: 0207 527 1850
Email: Jabeen.Story@islington.gov.uk

Legal implications dated 06/12/2023