

Authority to Procure – Voids Contract

Housing Committee Tuesday, 19 March 2024

Report of: Head of Housing

Purpose: For decision

Publication status: Open

Wards affected: All

Executive summary:

This report seeks Committee approval to procure a contract with external providers to deliver a Voids Service, through an open tender process for Council owned properties. Once the void process is complete, properties are advertised and allocated to those on the Council's Housing Register.

This report supports the Council's priority of: Building a better Council

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Recommendation to Committee:

- A) that Officers be authorised to commence a procurement exercise and subsequently award a contract for the delivery of void repairs and associated works.

- B) to delegate authority to the Director of Resources and Deputy Chief Executive in consultation with the Chairman and Vice Chairman of the Housing Committee, to award the contract to the most economically advantageous tenderer.

- C) that the Director of Resources and Deputy Chief Executive be authorised to enter into all necessary agreements with the preferred contractor to provide a Voids service for the councils housing stock as set out in recommendation A.
- D) that delegated authority be granted to the Head of Legal and Monitoring Officer to execute and enter into all necessary contractual agreements.

Reason for recommendation:

At present void work is predominantly undertaken by several third-party contractors with no contract with the Council. This leaves the Council vulnerable to challenge and does not comply with the Council's Contract Standing Orders and financial regulations. Operational Services do not have the direct labour resources required to co-ordinate or undertake large or major void works.

Introduction and background

- 1.1 Void or empty properties occur when a tenancy comes to an end. Before the property can be re-let, work is required to ensure it is in a safe lettable condition. It is important this work is carried out quickly to minimise rental loss and provide housing to those in need.
- 1.2 The Council spends approximately £1.1m per annum on HRA capital (£650k) and revenue voids (£430k). However, it is difficult to predict the number of voids in any one year as many factors can affect void turnover e.g. deaths, transfers, etc.
- 1.3 Some key responsibilities of the void process are:
- Key management (picking up keys from the Council office once tenancy has been terminated and property is empty).
 - Lock changes (including installation and removal of key safes)
 - Inspection of void property and specification of remedial works
 - Energy Performance Certificate surveys
 - Asbestos refurbishment surveys
 - Gas and electric meter management (meter readings, meter changes / top ups to facilitate building work)
 - Undertaking specified building works (this could be minor or major works involving rewiring, new kitchens / bathrooms, garden clearances, full redecorations, etc.)
 - Gas safety inspections (tightness test)
 - Cleaning of the void on completion of all the works
 - Waste management (removal of building material, rubbish, etc. from the property)
 - To act as Principle Contractor or Designer in accordance with the CDM2015 Regulations.

1.4 The above list is not exhaustive and there will be elements that will not be undertaken by the single supplier due to existing contracts currently being place. These are:

- Gas safety inspections (tightness tests)
- Asbestos surveys and removal
- Major electrical rewires

1.5 In addition, at present there are no definitive costs or fixed schedule of rate prices for void works. Therefore, at present there is no accurate means of assessing how much void work is costing the Council e.g. time, labour and materials. This is an untenable position and the only way to ensure the Council is achieving value for money is to procure a single void contract.

1.6 The proposal is to procure a three-year contract.

1.7 This delivery model will enable a quality service to be provided while limiting risks to the Council and residents, providing greater resilience, in relation to the service and its costs and to benefit from economies of scale, reducing the overall cost to the Council. All appropriate financial checks and references will be requested throughout the procurement process. This will ensure the appointed contractor has the capacity and capability to deliver the contract of works for the contract.

1.8 A project board and plan has been established with the aim of commencing the contract from July 2024. A full tender process is to commence with detailed specifications from the end of March 2024.

1.9 To ensure greater control of responsive repairs, Direct Labour staff will move from undertaking void work to undertaking responsive and emergency repairs. By doing this, there will be no requirement to transfer the existing workforce to the new supplier meaning there will be no TUPE implications.

1.10 The void work will be tendered using a bespoke schedule of rates to which the contractor will apply a minus or plus percentage. This will ensure all void related costs are known and therefore can be accurately costed. The main disadvantage or risk associated with this model is that the contractor may try to charge for exclusions inappropriately and/or cost build so that works fall outside the cap. In order to mitigate this, the scope of services, quality standards, and duration will need to be clearly defined in the specifications.

1.11 The void contract will be awarded using the JCT Measured Term Contract 2016. In addition to this a detailed void specification will be detailed within the contract.

Other options considered

- 2 Consideration has been given to increasing the number of direct labour staff to undertake the work being procured. This would however require a doubling of the existing workforce to ensure void properties are completed and returned in a lettable standard within a specified timeframe.

- 2.1 Soft market testing is currently being undertaken to obtain an understanding of which suppliers may tender for the work. Should this return little interest, further consideration will need to be given to increasing the current workforce to oversee and manage work within void properties. Should this be required, there is a risk that recruitment may become an issue as such resource is scarce and is currently at a premium.
- 2.2 A third option is that the Council continues to complete the work using both the direct labour force and framework contractors. This brings about additional complexities when managing each void property and the works required.

Consultation

- 3 While staff will not be put at risk as a result of this process, there will be a need to review and amend some role descriptions and person specifications. Informal discussions are currently being held with all members of the team to ensure a consistent approach to implementing these changes.
- 3.2 As a social landlord, the Council has statutory obligations to ensure appropriate repairs and maintenance of its housing stock is undertaken to enable it to meet that statutory duty.

Key implications

Comments of the Chief Finance Officer

The HRA budget for 2024/25 includes £1.1m specifically for voids services. This is made up of £649k capital spend and £429k revenue spend. As noted in the report, due to the nature of voids work, there is a large degree of volatility which means it is hard to predict what budget level may be required. Undertaking voids work may bring forward work which is already included elsewhere in the capital programme for a future date (for example programmed kitchen and bathroom replacement), rationalising work on a particular property and undertaking it when the property is vacant. Procuring the contract as set out in the recommendations will offer improved value for money for the Council.

Comments of the Head of Legal Services

This is a high value contract that will be in place for many years. The Council needs to ensure it appoints a contractor that provides value for money and good service to its tenants. The proposed procurement as set out in this report will be subject to the Public Contracts Regulations 2015 ("PCRs") as the estimated value is above the financial threshold for public works and public services under the PCRs. The Procurement team will need to ensure that procedures are compliant under the PCRs and the Council's Contract Standing Orders.

The contract documentation will need to be checked and finalised either by the Council's Legal Services team and/or its external legal advisors in consultation with relevant authorised officers. The proposed terms and conditions for the voids contract will be based on the JCT Measured Term Contract 2016 (with suitable amendments), which is a tried and tested contract widely used in the industry, for the delivery of repair and maintenance works and services.

Equality

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are:

- (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,
- (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and
- (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity.

The Council's tenants and leaseholders include residents that have protected characteristics as set out in the Public Sector Equality Duty.

The procurement of the contract as set out in this report will need to take into account the Council's Public Sector Equality Duty. Officers will complete a full Equalities Impact Assessment on the detailed service specification, once we get to that stage.

Climate change

There are no significant environmental / sustainability implications associated with this report.

Appendices

None

Background papers

None

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