

# Cheshire East Council

## Cabinet

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<b>Date of Meeting:</b>	13 <sup>th</sup> June 2017
<b>Report of:</b>	Executive Director of Place – Frank Jordan
<b>Subject/Title:</b>	Housing Repairs and Adaptations Framework
<b>Portfolio Holder:</b>	Councillor Ainsley Arnold, Housing and Planning

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### 1. Report Summary

- 1.1. This report sets out how Cheshire East Council will secure value for money in the procurement of low value domestic repairs and adaptations such as roof repairs, replacement windows and bathroom adaptations on behalf of vulnerable residents, and maximise opportunities for micro, small and medium enterprises to do business with the Council.
- 1.2. Cheshire East Council is committed to helping people to stay in their own homes and remain as active and independent as possible. To support this, home repairs and adaptation services are provided so that vulnerable people can live independently in suitable, well maintained homes. Housing is a key determinant of health, with the condition and suitability of a person's home being closely linked to their health, care and ability to participate in social networks. It is estimated that poor housing conditions in Cheshire East cost the NHS £4.3million per annum because of the causal link to chronic health conditions including respiratory conditions and mental health and exacerbation of other health conditions. Addressing housing conditions delivers outcomes for residents aligned with Outcome 5 in the Council's 3 year plan: "People Live Well and for Longer".
- 1.3. Adaptations are provided in the discharge of the Council's statutory duty to meet the needs of disabled people. Adaptations are designed to enable disabled people to live independently in the home of their choice, reducing or delaying the need for formal care, and are primarily funded using the mandatory means-tested Disabled Facilities Grant provided by the Council.
- 1.4. Home repairs are provided through the Council's discretionary power to provide financial support to vulnerable residents. The Council shares the Government's view that primarily it is the responsibility of home owners to maintain their own property, but acknowledges that some owners do not have the necessary knowledge, capability or financial resources to repair or adapt their homes. The Council therefore has an important role to play in providing assistance for vulnerable residents.

- 1.5. In order to comply with public sector procurement regulations and with the Council's Finance and Contract Procedure Rules, these services must be procured in a fair and transparent manner whilst ensuring best value. This is also critical to achieve economies of scale and to consistently manage the quality of the works carried out in the homes of vulnerable residents.
- 1.6. A Framework will be put in place to enable the Council to commission low value domestic repairs and adaptations on behalf of vulnerable residents. The Framework will appoint a principal contractor to act as managing agent in order to secure suitable contractors to deliver the full range of domestic building trades. The qualification criteria set out in the procurement documentation will enable us to appoint a principal contractor who is used to managing works contracts and selecting, appointing and managing subcontractors.
- 1.7. Safeguarding will be a critical feature of the Framework. It is imperative that we ensure that the principal contractor has experience of putting systems in place to ensure that vulnerable residents are protected from exploitation or abuse, that necessary checks are carried out on all employees and sub-contractors before they enter residents' homes, and that there is a robust training and monitoring system in place to supervise sub-contractors throughout the duration of the Framework.
- 1.8. The Framework will form part of a larger suite of contracts and Frameworks to enable the Council to provide a comprehensive range of housing repair and adaptations services to vulnerable residents.
- 1.9. The Framework value will be between £2.6million and 3.9million over the period of the Framework, which is two years with an option to extend for a further year. The Framework will enable the Council to call-off contracts as required and does not provide a guarantee of the volume or value of work that will be awarded.

## **2. Recommendation**

- 2.1. It is recommended that Cabinet
  - 2.1.1. Approve the procurement and establishment of a Framework to commission low value domestic repairs and adaptations on behalf of vulnerable residents.
  - 2.1.2. Delegate authority to the Executive Director - Place in consultation with the Portfolio Holder for Housing and Planning and the Director of Legal Services to award and enter into a Framework Agreement with a provider who meets the requirements of the Framework.
  - 2.1.3. Authorise the Director of Legal Services to make any alterations or enter into any supplementary agreements that are necessary to make the Framework effective.

### **3. Other Options Considered**

- 3.1. A wide range of alternative options for the future delivery of low value domestic repairs and adaptations have been considered. The full details are outlined in Appendix 1 including the advantages and disadvantages.

### **4. Reasons for Recommendation**

- 4.1. There is a need to achieve best value for the services that the Council directly commissions and provides, and to reduce net operating cost wherever possible, whilst at the same time maintaining the best possible service for its residents in line with the Council's agreed three year plan.
- 4.2. There is a well developed market to be able to deliver domestic repairs and adaptations, and a Framework will develop further opportunities for companies including micro, small and medium enterprises to deliver services on behalf of the Council. In the absence of a Framework, there would be a need for time-consuming and costly individual procurements that would otherwise be required for each project.

### **5. Background/Chronology**

- 5.1. The current arrangements for the delivery of domestic repairs and adaptations service includes commissioning construction and maintenance works from a range of regional and bespoke in-house contracts and Framework Agreements, including:
  - 5.1.1. A bespoke in-house Framework Agreement with Cheshire Peaks & Plains Housing Trust Limited on 15<sup>th</sup> November 2013 for the provision of Level Access Showers for disabled people. This Framework ends on 17<sup>th</sup> November 2017 and suitable procurement arrangements need to be put in place to ensure that the Council is able to continue to deliver this service;
  - 5.1.2. A bespoke in-house Agency Agreement for four years with Orbitas Bereavement Services Ltd on 1<sup>st</sup> May 2015 to act as the Council's agent to deliver the Handyperson and Minor Adaptations service. This agreement ends on 30<sup>th</sup> April 2019;
  - 5.1.3. A regional Framework Agreement, procured by Northern Housing Consortium, with Stannah Lift Services Ltd on 1<sup>st</sup> November 2015 for the provision of stair lifts, step lifts and vertical lifts. The initial term expires on 31<sup>st</sup> October 2017 and is being reviewed to establish whether a 12 month option to extend should be utilised;
  - 5.1.4. A bespoke in-house Framework Agreement with Chiltern Invadex Limited on 1<sup>st</sup> April 2016 for the provision of hoisting equipment for disabled people. The initial term expires on 31<sup>st</sup> March 2018 and the

Council has the option to extend the term by 12 months on two occasions, subject to review of performance and best value;

- 5.1.5. A bespoke in-house contract with Concept Elevators (UK) Limited on 1<sup>st</sup> April 2016 for the servicing and maintenance of lifts and hoists. The initial term expires on 31<sup>st</sup> March 2018 and the Council has the option to extend the term by 12 months on two occasions, subject to review of performance and best value;
- 5.1.6. A bespoke in-house Framework Agreement with Heatex Quality Insulation Ltd, which was subsequently novated to Broad Oak Properties Ltd following the liquidation of Heatex, for the provision of domestic central heating and insulation. The contract expired on 28<sup>th</sup> February 2017 and there are currently no contractual arrangements in place.
- 5.1.7. Other general construction and maintenance works are procured through individual procurement exercises in accordance with procurement thresholds, adding cost and delay to the process.
- 5.2. Approximately £1.6million per year is spent on domestic repairs and adaptations through the various frameworks.
- 5.3. An options appraisal has been carried out to establish the most effective way to continue to commission level access shower works for disabled people, and to make the procurement of other general construction and maintenance works more efficient (Appendix 1). In summary, the options that have been considered are:
  1. In-house provision, including substantial insourcing;
  2. Individual procurement exercise for each project;
  3. Bespoke in-house Framework with multiple Lots to cover the whole range of building services;
  4. Bespoke in-house Framework with a single Management Contractor to develop relationships with and appoint micro, small and medium businesses;
  5. Utilisation of existing external Frameworks;
  6. Single service provider to deliver all our housing repairs and adaptations requirements;
  7. Utilisation of the Assets low value construction services framework; and
  8. Bespoke dynamic purchasing system.
- 5.4. On analysis, taking the advantages and disadvantages of each option into account, it has been concluded that the future delivery of low value domestic repairs and adaptations would be best met by Option 4 of the options analysis, that is the establishment of a bespoke in-house

Framework with a single principal Contractor that is used to managing works contracts and sourcing sub-contractors and would develop relationships with and appoint micro, small and medium businesses

- 5.5. The anticipated aggregate financial value of the services to be procured through the proposed Framework is £3.9million over a maximum 3 year term. Value for money will be assured by taking into account tendered rates for directly awarded call-offs from the Framework Agreement, or by requiring the appointed provider to undertake mini competitions amongst its suppliers.
- 5.6. Whilst we will commission low value domestic repairs and adaptations through the Framework, there is no contractual obligation to procure work through the arrangement. This means the Council is not contractually 'locked in' to this arrangement.

## **6. Wards Affected and Local Ward Members**

- 6.1. All wards.

## **7. Implications of Recommendation**

### **7.1. Policy Implications**

- 7.1.1. The provision of domestic repairs and adaptations services for vulnerable residents has a close fit with Outcome 5 of the Council's three year plan: People will live well and for longer; specifically by facilitating people to live independent, healthier and more fulfilled lives, and providing services that support prevention, early intervention and physical and mental well being.
- 7.1.2. Key performance indicators set out within the specifications will ensure that domestic repairs and adaptations are delivered in a timely manner within stringent timescales, ensuring that any opportunities to substitute paid care with adaptations are maximised.

### **7.2. Legal Implications**

- 7.2.1. The Chronically Sick and Disabled Persons Act 1970 places a duty on local authorities to arrange practical assistance in the home, and any works of adaptation or the provision of additional facilities designed to secure greater safety, comfort or convenience. Authorities may discharge their duties by the direct provision of equipment or adaptations, or by providing a grant to cover or contribute to the costs of such a provision.
- 7.2.2. The Housing Grants, Construction and Regeneration Act 1996 places a statutory duty on local authorities to provide grant aid to disabled persons in the form of Disabled Facilities Grants.

7.2.3. The aggregate value over the lifetime of the contract is below the current threshold for works (£4,104,394) as contained in the Public Contracts Regulations 2015 (“the Regulations”) so the full regime of the Regulations does not apply.

7.2.4. A Framework enables the Council to meet its need for a service, supply of goods or works for a set period of time in order to obviate the need to undertake a wide competitive procurement process for each individual project. It complies with the Regulations and the Council’s rules.

7.2.5. The Regulations allow local authorities to enter into Framework Agreements with a single supplier, following a competitive tendering process, and thereafter the Council can choose to call off contracts under the Framework Agreement based on the pricing and/or other information established in the original tender process. In order to evidence value for money the Strategic Housing service intends to require the supplier to conduct mini-competitions amongst its suppliers to ensure that the Council continues to receive best value.

7.2.6. The Strategic Housing service will engage with Legal Services to ensure that the Framework Agreement contains provisions so that it can be terminated in the event that either the services or works cannot be provided on terms which remain acceptable to the Council or after the initial 2 year term. The Framework Agreement will not contain any guarantees of work volumes to the appointed provider and can be utilised with other options.

7.2.7. The Strategic Housing service has been advised and will engage with Legal Services to ensure that the duties under the Public Services Social Value Act, as it applies to framework agreements, are fulfilled. The Act requires the Council to:

7.2.7.1. consider how what is proposed to be procured might improve the social economic and environmental well-being of the relevant area;

7.2.7.2. how in conducting a procurement process it may act with a view to securing that improvement; and

7.2.7.3. whether to undertake any community engagement on their proposals.

### **7.3. Financial Implications**

7.3.1. The value of the Framework (£1.3million per annum, for up to three years) can be met within the annual Disabled Facilities Grant capital allocation received from the Department of Communities and Local Government, and the existing approved capital programme delivered by the Strategic Housing service.

7.3.2. In 2017/18, the Disabled Facilities Grant allocation is £1,775,253, however it should be noted that the future allocation of capital grant is not guaranteed. The statutory duty placed on local authorities to award Disabled Facilities Grants determines that should the Government not allocate capital grant to the Council in the future, funding will need to be provided from the Council's own resources or through prudential borrowing.

7.3.3. A Framework will enable the Council to call-off contracts as required, and does not provide a guarantee of the volume or value of work that the Contractor will be awarded. In the event that funding for domestic repairs and adaptations services ceases, the Council has no contractual obligations beyond any orders that have been called-off.

#### **7.4. Equality Implications**

7.4.1. The proposed Framework will enable the Strategic Housing service to deliver efficient and effective services to groups with protected characteristics who are vulnerable, in particular but not limited to older people and people with a disability. Equality and diversity will form part of the evaluation criteria and the contractual obligations of the provider, ensuring that equality is at the forefront of service delivery.

#### **7.5. Rural Community Implications**

7.5.1. The proposed structure of the Framework will provide opportunities for the rural economy.

#### **7.6. Human Resources Implications**

7.6.1. The proposed procurement process will be undertaken by Strategic Housing officers supported by Procurement and Legal Services colleagues.

#### **7.7. Public Health Implications**

7.7.1. The proposed Framework will enable the Strategic Housing service to provide services which directly impact on public health. Housing improvements will benefit vulnerable residents' mental and physical wellbeing and reduce demand on health and social care services.

#### **7.8. Implications for Children and Young People**

7.8.1. The Framework will provide opportunities for disabled children and young people to live in suitable housing, and protect the health of children and young people in low income vulnerable families through improved living conditions.

## **7.9. Better Care Fund Implications**

7.9.1. People need health, social care, housing and other public services to work seamlessly together to deliver better quality care. More joined up services help improve the health and care of local populations and may make more efficient use of available resources. There is no single way to integrate health and care. Some areas are looking to scale-up existing initiatives such as the New Care Models programme and the Integration Pioneers. Others are using local devolution or Sustainability and Transformation Plans as the impetus for their integration efforts. The Better Care Fund is the only mandatory policy to facilitate integration. It brings together health and social care funding, and this policy framework for the Fund covers two financial years to align with NHS planning timetables and to give areas the opportunity to plan more strategically. The Disabled Facilities Grant is a part of the Better Care Fund and is very much in-keeping with the whole system approach of working with our colleagues on the two local transformation plans of Caring Together and Connecting Care.

## **8. Risk Management**

- 8.1. Failure to procure works in accordance with the Public Contracts Regulations 2015 and the Council's Finance and Contract Procedure Rules would leave the Council open to challenge and in breach of regulations, with a subsequent reputational impact.
- 8.2. A failure to establish a Framework Agreement for Home Repairs and Adaptations through which low value domestic repairs and adaptations can be commissioned will mean that each project will need to be tendered individually. This is prohibitive both in terms of time and cost.
- 8.3. The contract will be advertised on the North West Chest, and all companies expressing an interest in the contract will be invited to tender. The tenders will be evaluated using criteria to establish the most economically advantageous tender.

## **9. Access to Information/Bibliography**

- 9.1. The background papers relating to this report can be inspected by contacting the report writer.

## **10. Contact Information**

Contact details for this report are as follows:

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