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CABINET

Subject Heading:

Approval to Award 7 Year Cyclical Decorations Contract

Cabinet Member:

Councillor Paul McGeary, Lead Member for Housing & Property

ELT Lead:

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Policy context:

The statutory requirement to maintain our homes to a decent standard

Making sure that our neighbourhoods are a great place to live by investing in them and keeping them clean, green and safe

This work supports the Housing Asset Management Strategy 2021-26 and is identified within the HRA Business Plan approved by Cabinet in February 2024

Financial summary:

It is the intention to move to a redecoration cycle whereby all Housing blocks are redecorated externally and communal areas internally, and street properties externally on a seven-year cycle. This contract therefore delivers one full cycle.

Is this a Key Decision?

Yes, as expenditure will be of £500,000 or more.

When should this matter be reviewed?

It is seven-year contract with suitable break clauses subject to suitable performance. Continuation of the contract each year is subject to annual review.

Reviewing OSC:

Place

The subject matter of this report deals with the following Council Objectives

People - Supporting our residents to stay safe and well

Place - A great place to live, work and enjoy

Resources - Enabling a resident-focused and resilient Council

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SUMMARY

As part of the Council's responsibility as a landlord, the Council has a duty to undertake repairs and maintenance works to its HRA housing stock. This report presents to Cabinet details of the tender process undertaken to procure this service and seeks approval to award of contract.

It is the intention to move to a redecoration cycle whereby all Housing blocks are redecorated externally and communal areas internally, and street properties externally on a seven-year cycle. This contract therefore delivers one full cycle.

Monies have been identified within the HRA 30-year business plan and contract spend will be aligned with business priorities and approved budgets on an annual basis.

RECOMMENDATIONS

For the reasons set out in the report and its appendices, Cabinet is recommended to;

- a) Approve the award of a contract to Trident Maintenance Services Ltd for a period of seven years for the maximum value of £20 million, subject to continued good performance, to deliver cyclical decorations and associated repair works in respect of HRA properties.

It should be noted that Leaseholders were consulted prior to tender. A Stage 2 notice will be issued and run concurrent with the Cabinet approval process and no award will be made until satisfactory conclusion of the consultation process.

REPORT DETAIL

1. Background

- 1.1. Housing Services have identified via our Asset Management System the need for redecoration of internal and external structure and components throughout the Borough.
- 1.2. A cyclical decorations contract for the Council housing stock is essential to ensure consistent and high-quality maintenance of the properties. Regular upkeep through a structured schedule prevents deterioration, preserving the aesthetic appeal and structural integrity of the buildings. This proactive approach not only enhances the living environment for residents but also extends the lifespan of the properties, reducing the need for more costly and extensive repairs in the future. Additionally, maintaining a well-decorated housing stock positively impacts community pride and satisfaction, contributing to overall social well-being.
- 1.3. Not carrying out this decorating contract could lead to several negative consequences. We risk failing to meet the Decent Homes Standard, which ensures Council housing is well-maintained and presentable. This non-compliance could increase resident complaints and dissatisfaction, while also attracting the intervention of the Social Housing Regulator, potentially resulting in sanctions or mandatory corrective actions. Neglecting regular maintenance jeopardizes the quality of our housing stock and our reputation as a responsible housing authority.
- 1.4. The works will improve the welfare of the Council's residents, and increase the useable life of the Council's Housing Stock. In turn, this should increase the potential for a longer period of rental income from those homes and improve overall tenant satisfaction.
- 1.5. The plan is to implement a redecoration schedule in which all housing blocks will be externally painted and their communal areas internally refreshed, and street properties will be externally painted every seven years. This contract covers one complete cycle of this schedule.
- 1.6. The chosen contract term of 7 years for cyclical decorations is strategically determined to balance efficiency and maintenance needs. External decorations typically have a lifespan of approximately 5 years, while communal areas generally last around 10 years. By selecting a 7-year term for both, we align with the median of these life expectancies, thereby streamlining the maintenance schedule. This approach ensures a consistent and cohesive upkeep strategy across all properties, reducing the need for frequent interventions and optimizing resource allocation. Consequently, this term fosters greater efficiency and cost-effectiveness in maintaining Council housing stock.
- 1.7. Having one contractor to oversee the entire cycle through this contract would ensure consistent service delivery and improve program planning. The initial cycle would enable us to accurately quantify and document the necessary works for council housing stock, integrating this data into our Asset Management system for future planning purposes. This approach not only enhances efficiency but also

facilitates proactive maintenance scheduling and resource allocation, ultimately optimizing the management of our housing assets.

1.8. The proposed value of the contract is set at a maximum of £20 million. This figure reflects the uncertainty around the extent of decorations and repairs required, as no current planned program exists. The contract value will be subject to re-measurement based on site surveys and budget considerations, ensuring that resources are allocated appropriately to address the actual scope of work needed. This approach allows flexibility in adapting to the specific maintenance needs of Council housing stock while managing costs effectively.

1.9. The full scope of the contract is as follows:

- i) Internal and External Decoration of common parts including fascia, soffits, guttering, downpipes and gullies where necessary.
- ii) Repair works to common parts.
- iii) To use suitable materials and processes to make good, prepare and redecorate surfaces and areas as directed and agreed with Havering to various properties within the Borough.
- iv) The works will be to both internal and external surfaces within structures of various sizes and heights.

2. Evaluation Process

2.1. This procurement is above the threshold for works procurements which have to be conducted in accordance with legal requirements set out in the Public Contracts Regulations 2015.

2.2. The Council appointed external consultants to undertake procurement via Call Off from Places for People's Dynamic Purchase System (DPS).

2.3. The Call Off from Places for People's DPS Ref: L137/0003495 commenced on 19th January and completed on 1st March 2024.

2.4. Details on the procurement and scoring is contained in exempt Appendices 1 and 2.

2.5. Bids were evaluated on price and quality on the basis of a 70% Price, 20% Quality, and 10% Social Value.

3. Proposed Contract

3.1. The contract is anticipated to commence in November 2024 and the core contract will be for up to seven years subject to continued good performance.

3.2. The contract form is the JCT Measured Term Contract which is a form of contract designed for use by employers who have a regular flow of maintenance, minor works and improvements projects that they would like to be carried out by a single contractor over a specified period of time.

- 3.3. The proposed contract form offers several benefits tailored to our needs. This contract structure does not guarantee a fixed amount of work, allowing flexibility in the scope of services provided. It enables precise measurement of work completed, ensuring that expenditure remains controlled and aligned with actual requirements. Importantly, despite setting a maximum value of £20 million, there is no commitment to spend this full amount. Instead, the contract allows for responsive adjustments based on ongoing surveys and budgetary considerations. This approach maximizes cost efficiency while maintaining the capability to address varying levels of maintenance needs across Council housing stock.
- 3.4. It is to be noted that £20 million is the maximum estimated contract value, based upon the attribute and condition data held in the Keystone asset database and impacted by the absence of a redecoration programme in recent years. At the start of each year, the contractor will be given a programme of properties which the contractor will then survey and price according to their tendered rates. We will review their quotes, measures, prices and make sure that the correct rates have been applied and then issue Works Order in accordance with the approved budgets.
- 3.5. The programme will be allocated each year based upon geographical area, in order to deliver in the most efficient manner, and, notwithstanding the exact measurements, the value of work and the number of properties is intended to remain quite consistent in each year of the programme, in line with budgets.
- 3.6. With approximately 4,000 street properties, and 7,000 flats in 1,150 blocks, that would indicate 580 houses and bungalows, and 1,000 flats in 165 blocks each year.
- 3.7. The Council has incorporated a schedule of amendments into the contract to align with our specific requirements. One crucial addition is a termination clause, granting the Council the right to terminate the contract under specific circumstances. These include instances where the contractor suspends, disrupts, or unreasonably delays work without justification, or fails to proceed regularly and diligently with instructed tasks. This clause ensures that contractual obligations are upheld, maintaining accountability and safeguarding the Council's interests in delivering efficient and timely services to our residents.
- 3.8. In addition, the contract includes a clause empowering the Council to terminate if the contractor fails to achieve the Minimum Acceptable Score in three consecutive monthly assessments or on four occasions within a twelve-month period. This provision ensures that performance standards remain consistently high throughout the contract term. It underscores the Council's commitment to maintaining service excellence and accountability, thereby safeguarding the quality and reliability of services provided to our community.
- 3.9. The contract contains elements of work or services for which leaseholders may be charged, so the requirements of Section 20 of the Landlord and Tenant Act 1985, as amended by the Commonhold and Leasehold Reform Act 2002, will apply.
- 3.10. Leaseholders have been consulted prior to tender. A Stage 2 notice will be issued and run concurrent with the Cabinet approval process and no award will be made until satisfactory conclusion of the consultation process.

3.11. The contract is in the form of a Qualifying Long Term Agreement (QLTA) and so prior to any works orders being raised, those leaseholders affected will be consulted again, with estimates of cost.

4. Procurement and Project Risks

4.1. We will actively address contract monitoring and mitigate project risks by implementing minimum standards for subcontractors set by the Council. This initiative aims to enhance the quality and reliability of our supply chain. The key service and quality requirements highlighted in the invitation to tender documents will be rigorously monitored throughout the contract's duration. This proactive approach will ensure that our standards are consistently met or exceeded, promoting transparency, accountability, and delivering optimal outcomes for our housing stock maintenance.

4.2. On the contract anniversary each year, the price adjustment methodology described in this section will be applied across all work streams for the following financial year, based on data from the previous financial year. The Contractor's tendered rates and prices, except for percentage uplifts on costs including central office overhead and profit mark-ups, will be increased in accordance with the Consumer Price Index (CPI). This approach will ensure that contract costs remain responsive to economic changes, ensuring fairness and stability in pricing throughout the contract period.

4.3. To ensure consistent quality and performance throughout the contract, Performance Indicators (PIs) will be incorporated into the contract and managed by staff within Housing Services. The PIs will be divided into the following categories:

- a) Key Performance Indicators (KPIs): These indicators are directly linked to contractual non-performance clauses, providing benchmarks for evaluating compliance and service delivery standards.
- b) Measures: These indicators will provide additional information to enable effective management of the JCT Measured Term Contract. They do not directly trigger contractual non-performance clauses but contribute to comprehensive contract oversight and performance assessment.

4.4. This categorisation of PIs aims to uphold rigorous monitoring while facilitating proactive management and continual improvement throughout the contract duration.

4.5. Each PI is defined under the following headings:

- a) Purpose – the reason for collection of the PI
- b) Calculation Methodology – How to calculate performance in relation to the PI
- c) Scorer – who is responsible for calculating the PI
- d) Frequency – how often the PI should be formally calculated
- e) Target – the performance level that should be aimed for
- f) Type – whether the PI is a KPI or a Measure.

4.6. The KPIs will be reported monthly. Each KPI has a specific target and frequency for measurement, which will be reviewed monthly. If the Contractor fails to meet

the Minimum Acceptable Score in one or more KPIs, as outlined in the KPI Framework for that month, quarter, or year, they must submit a plan to the Council within ten business days of the review meeting. This plan, known as the Action Plan, must outline how they intend to resolve these failures within two months (or sooner if required by the Council) from the date of the review meeting. Monitoring KPIs in the future will ensure that contractual obligations are fulfilled efficiently and effectively, enhancing overall service delivery and satisfaction.

5. Added Social Value

- 5.1. The contract contains a requirement for the contractor to deliver Social Value, but it is simplified to a requirement of 1% of the contract value each year, with the initiatives delivered to be agreed by a stakeholder group annually. The successful bidder has made a commitment of up to 2% of contract revenues.
- 5.2. This gives the opportunity for the social value deliverables to be identified by residents and councillors and to change over time.

REASONS AND OPTIONS

6. Reasons for the decision

- 6.1. The Council has a statutory and contractual obligation as a landlord to provide repairs, maintenance and compliance works to its properties, and therefore must have a provision in place to deliver this.
- 6.2. Following an extensive procurement exercise in accordance with the Public Contract Regulations 2015 (as amended), supported and validated by external consultants, Trident Maintenance Services Ltd were the most economically advantageous tender and approval is required to appoint.

7. Other options considered

- 7.1. Do nothing as an option but was rejected due to the obligation to maintain homes at the Decent Homes standard and for the Council to be in line with its statutory duties.
- 7.2. It was considered tendering for redecoration as stand-alone project each financial year. However, due to the time this process takes, this would delay delivery of works over the financial year. In addition, tendering this way could mean a number of different contractors delivering the works within the borough.
- 7.3. Frameworks were considered but were discounted because they failed to take account of Section 20 of the Landlord and Tenant Act 1985, as amended by the Commonhold and Leasehold Reform Act 2002 consultation of leaseholders, which does not permit the nomination of Contractors.
- 7.4. Procuring one contract with one contractor for seven years will provide London Borough of Havering with greater cost certainty, longer sustained periods of works

delivery, economies of scale and better relationships with our residents and the supply chain.

7.5. Therefore, the above options were considered and rejected at pre procurement stage.

IMPLICATIONS AND RISKS

8. Financial implications and risks

8.1. The contract will be funded from the HRA from existing budgets and costs have been incorporated into the HRA business plan.

8.2. As a “measured term” contract, works orders are raised for projects or programmes, but the contractor is not guaranteed all or any work under the contract, and has no claim to compensation if orders are not forthcoming or do not meet the indicative contract value. The overall maximum contract value of this contract will be £20 million, however, it should be noted that there is no contractual commitment to that value.

8.3. The Joint Contracts Tribunal “measured term contract” is an appropriate type of contract for this agreement. The inclusion of a price fluctuation option in the contract means it is possible the price will increase or decrease during the term of the contract. The Council has an ongoing duty to achieve best value when tendering and awarding contracts. The inclusion of the price fluctuation option will achieve best value.

8.4. An Experian Credit check has been carried out on the contractor and it designated it as a ‘below average risk company’ with a Delphi Score of 73.

9. Legal implications and risks

9.1. The Council has statutory requirements to undertake repairs and maintain its HRA housing stock under the Landlord and Tenant Act 1985, Housing Act 2004 and the Secure Tenants of Local Housing Authorities (Right to Repair) Regulations 1994.

9.2. The Council has a general power of competence under Section 1 of the Localism Act 2011 to do anything an individual may generally do subject to any statutory limitations. The arrangements now sought are in accordance with these powers.

9.3. The Council is a contracting authority for the purpose of the Public Contracts Regulations 2015 (as amended) (PCR). The total contract value is estimated up to £20million over the 7-year contract period. The value of the procured contract will be above the works threshold for the purposes of the PCR 2015 of £5,372,609 (incl of VAT). Therefore, the contract is subject to the full PCR.

9.4. The body of this report confirms that officers have undertaken a route via Call Off from Places for People’s Dynamic Purchase System (DPS).

9.5. Leaseholder consultation is required under Section 20 of the Landlord and Tenant Act 1985 (as amended) and as stipulated by Section 151 of the Commonhold and Leasehold Reform Act 2002. This decision is subject to the consultation concluding to notify leaseholders of the preferred bidder.

9.6. For the reasons set above, the Council may award the contract to Trident Maintenance Services Ltd.

10. Human Resources implications and risks

10.1. There are no HR implications and no incumbent contractor and as such there are no TUPE implications.

11. Equalities implications and risks

11.1. Under Section 149 of the Equality Act 2010, the Council has a duty when exercising its functions. This includes outsourcing services by awarding a contract to an outside body, to have "due regard" to the need to eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act and advance equality of opportunity and foster good relations between persons who share a protected characteristic and persons who do not. This is the public sector equality duty. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

11.2. "Due regard" is the regard that is appropriate in all the circumstances. The weight to be attached to each need is a matter for the Council. As long as the Council is properly aware of the effects and has taken them into account, the duty is discharged.

11.3. The awarding of this contract will enable the Council to maintain its housing stock to a high standard and improve the quality of the customer services that the tenants receive. Tenants with protected characteristics are over-represented in social housing so this new contract will have a positive impact on their well-being.

12. Health and Wellbeing implications and risks

12.1. Provision of an effective housing repairs service is essential to ensure residents are able to safely and comfortably use their homes, being provided with good quality services which support promote good health and wellbeing.

12.2. Poor quality housing can have a serious negative impacts on individual's health and wellbeing and a significant negative impact on communities.

12.3. The Council is responsible for improving and protecting health and wellbeing of local residents under the Health and Social Care Act 2012.

12.4. These contracts will support the aims and delivery of the Housing Asset Management Strategy ensuring that the Council provide the right homes for our resident which are affordable, safe and of high quality, provide good communities in which to live and work, whilst meeting the challenges of zero carbon and building safety across the estates.

13. Environmental and Climate Change implications and risks

13.1. Environmental and Climate Change implications of delivery of the contract has been assessed through contract award as part of the Quality evaluation process; tenderers have been evaluated upon their proposals to reduce the environmental impact and carbon footprint of how the work is delivered, such as local supply chains, electric vehicles, waste reduction and recycling and so on.

13.2. Trident Maintenance Services Limited has made a commitment to the implementation of “Green Travel Plans” as part of which they will increase their electric hybrid fleet throughout contract and work on intelligent travel plans with vehicle tracking/vehicle idling.

13.3. They have committed to Supporting Havering’s 2040 zero carbon commitment/creating ‘greener’ more sustainable communities.

BACKGROUND PAPERS

14. Background Papers

14.1. HRA Business Plan update, Budget 2024/25 & Capital Programme 2024/25–2028/29.

14.2. Housing Services Asset Management Strategy 2021-2026.

APPENDICES

Appendix 1 – Exempt - Tender Returns and Evaluation

Appendix 2 – Exempt - Tender Report from Appointed Procurement Consultant

Appendix 3 – Equality and Health Impact Assessment