

Committee(s): Barbican Estate Residents Consultation Committee	Dated: 29/04/2024
Subject: Housing Repairs and Maintenance Contracts – Procurement Stage 1 Report	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	1, 2, 4, 12
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	Barbican – City Fund HRA – HRA Fund
Has this Funding Source been agreed with the Chamberlain’s Department?	Yes
Report of: Judith Finlay, Executive Director of Community and Children’s Services	For Discussion
Report author: Michael Gwyther-Jones, Head of New Developments and Special Projects, DCCS Jack Nuttall, Assistant Project Manager, New Developments and Special Projects, DCCS Oliqur Chowdhury, Commercial Lead, Commercial Service, Chamberlain’s Rob Pine, Procurement and Contracts Manager, Commercial Service, Chamberlain’s	

Summary

The City Corporation has a duty to undertake repairs and maintenance to the housing estates and buildings for which it is the landlord. The purpose of this report is to obtain Member approval for the recommended procurement strategy and evaluation criteria to be used in the selection of the preferred suppliers for the City of London Corporation (COL) Repairs and Maintenance contracts which are due to expire on 31st March 2025. This is required as the estimated contract value exceeds £2m as per Section 16.2 of the Procurement Code Part One.

There are two contracts/agreements currently in place for the provision of Housing Responsive Repairs, Maintenance and Voids Services, the term of these began 01 April 2019, and following a deed of variation, are due to expire 31st March 2025:

1. Housing Revenue Account (HRA) Estates with Wates Living Space; and
2. Barbican Estate with Metwin Ltd.

A procurement options report for the new contracts was approved by the Facilities Services and Environment Category Board in March 2024, who have approved the proposal to undertake a tender exercise using the FTS Restricted Procedure in accordance with the Public Contracts Regulations 2015 (PCR 2015).

The report is submitted to the Barbican Estate Residents Consultation Committee and Barbican Residential Committee for consideration in respect of Lot 2 and part of Lot 3, which affect the Repairs and Maintenance Services on the Barbican Estate.

It is submitted to the Housing Management & Almshouses Sub-Committee and the Community and Children's Services Committee in respect of Lot 1 and part of Lot 3, which will similarly affect the Repairs and Maintenance Services for the Housing Revenue Account (HRA) provision.

Subject to confirmation by the bodies named above that the proposals meet the service provision requirements of their respective areas, the Projects & Procurement Sub-Committee and the Finance Committee will be asked to approve the procurement strategy in line with the requirements of Standing Order 51 (Procurement and Contract Lettings) and Rule 16 of the COL's Procurement Code.

Recommendation(s)

1. Members of the **Barbican Estate Resident Consultative Committee** are asked to discuss the proposals in respect of Lot 2 (*Repairs and Maintenance Services for Barbican Estate*) and the elements of Lot 3 (*Structural Waterproofing Repairs for Barbican Estate and Golden Lane Estate*) which refer to the Barbican Estate, in order to inform subsequent consideration by the Barbican Residential Committee.
2. Members of the **Barbican Residential Committee** are asked to endorse, taking into account the views of the Barbican Estate Resident Consultative Committee, the proposed approach in respect of Lot 2 (*Repairs and Maintenance Services for Barbican Estate*) and the elements of Lot 3 (*Structural Waterproofing Repairs for Barbican Estate and Golden Lane Estate*) which refer to the Barbican Estate, as set out in the report.
3. Members of the **Housing Management & Almshouses Sub-Committee** are asked to discuss the proposals in respect of Lot 1 (*Repairs and Maintenance Services for HRA*) and the elements of Lot 3 (*Structural Waterproofing Repairs for Barbican Estate and Golden Lane Estate*) which refer to the HRA, in order to inform subsequent consideration by Community & Children's Services Committee.
4. Members of the **Community and Childrens Services Committee Committee** are asked to endorse, taking into account the views of the Housing Management & Almshouses Sub Committee, the proposed approach in respect of Lot 1 (*Repairs and Maintenance Services for HRA*) and the elements of Lot 3 (*Structural Waterproofing Repairs for Barbican Estate and Golden Lane Estate*) which refer to the HRA, as set out in the report.
5. Members of the **Finance Committee** are asked to delegate authority to the Town Clerk, in consultation with the Chairman and Deputy Chairman (pursuant to Standing Order No.41(b)), to consider the proposals at recommendation 6 below, following initial detailed consideration by its Projects and Procurement Sub-Committee on 10 June 2024.

6. Members of the **Projects and Procurement Sub-Committee** are asked to:
- i) Approve the procurement strategy set out in this report to undertake a competitive tender exercise using the FTS Restricted Procedure to identify suppliers for the provision of Repairs and Maintenance Services as indicated below:
 - a. Lot 1 – Repairs and Maintenance Services for HRA
 - b. Lot 2 – Repairs and Maintenance Services for Barbican Estate
 - c. Lot 3 – Structural Waterproofing Repairs for Barbican Estate and Golden Lane Estate
 - ii) Approve the proposed tender evaluation criteria of 40% price and 45% quality for Lot 1, and 55% price and 30% quality for Lot 2 and Lot 3, with 15% for responsible procurement.
 - iii) Delegate authority to the Town Clerk, in consultation with the Chairmen and Deputy Chairmen of Projects and Procurement Sub-Committee and Finance Committee (pursuant to Standing Order No.41(b)), to accept the recommended contractor for Lot 1, Lot 2, and Lot 3.
 - iv) Approve the contract term of five years with annual break clauses after three years for all three lots.
 - v) Note, in approving the approach, the estimated contract value for Lot 1, Lot 2, and Lot 3 anticipated over the five (5) year period (1st April 2025 to 31st March 2030) as indicated below:
 - a. Lot 1 HRA repairs and maintenance – [NON-PUBLIC]
 - b. Lot 2 Barbican repairs and maintenance - [NON-PUBLIC]
 - c. Lot 3 Barbican and Golden Lane Estate structural waterproofing repairs and maintenance - [NON-PUBLIC] ([NON-PUBLIC] for GLE, [NON-PUBLIC] for Barbican)

Main Report

Background

1. In December 2018, Court of Common Council approved the award of the contracts for the provision of housing responsive repairs, maintenance, and voids service for the City of London Corporation's Housing Estates.
2. The requirements were grouped into two lots for each Housing Estate: Lot 1, Housing Revenue Accounts (HRA) and Lot 2, Barbican Estate. This strategy was adopted to ensure that the differing bespoke nature of requirements across both estates are delivered, and ultimately the City's statutory responsibilities for the repairs and maintenance services and its obligations to leaseholders are met.
3. The contracts commenced 1 April 2019 for a period of 5 years at an approximate total combined cost of [NON-PUBLIC] (Barbican Estate and HRA).
4. A five-year contract was awarded for responsive repairs, maintenance, and voids service at HRA Estates (Lot 1) to Wates Living Space, commencing 1 April 2019, at an approximate cost of [NON-PUBLIC] per annum, equating to [NON-PUBLIC] over 5 years.
5. A five-year contract was awarded for responsive repairs, maintenance, and voids service for the Barbican Estate (Lot 2) to Metwin Ltd, commencing 1 April 2019, at a cost of [NON-PUBLIC] per annum, equating to [NON-PUBLIC] over 5 years.
6. Both existing contracts have subsequently been extended by deed of variation to 31st March 2025 with a new Total Contract Value of [NON-PUBLIC] for Wates and [NON-PUBLIC] for Metwin (from April 2019 to March 2025). It is recognised that the current contract performance has not been optimal, and robust contract management has been introduced to ensure that the repairs service improves whilst re-procurement is taken forward. The extension period of 12 months has provided an opportunity to develop new contracts with greater customer focus, as well as sanctions and penalties to challenge poor performance.

Current Position

7. Tender documents are being finalised to enable the re-procurement of the repairs and maintenance contracts to be progressed with a view to new contracts being in place by April 2025.
8. A Communications Strategy has been employed to support the re-procurement process. Consultation and engagement have been delivered through the Community & Children's Services Committee, Housing Management Almshouses Sub Committee, Barbican Residents Committee, and Barbican Residents Consultation Committee meetings. Other avenues for engagement have been implemented through webinars, working group meetings, and press releases supported by the Communications Team. There have been channels for two-way communication between residents and the Project Team and

residents will continue to have the opportunity to provide input into the process, specific to service delivery expectations.

9. A working group with resident representation has been established for both HRA and Barbican, and they have been engaged during all stages of the consultation, procurement process, and eventual evaluation and award of new contracts.
10. The project team has undertaken extensive resident and stakeholder engagement to understand the current issues / concerns with the existing contractors and to address these in the re-procurement. A summary of the consultation process and outcomes has been included in Appendix 2 and 3.
11. Supplier engagement has been undertaken to inform how the tender is packaged, and whether a single or two stage tender process will be the most appropriate. A soft market testing exercise asked suppliers a variety of questions including, what would be considered an appropriate contract model and term, should the requirements be lotted for each of the housing sites and the use of sub-contractors by the main provider / contractor. The responses received indicated that an open or restricted tender process would be relevant with a contract term of 5 years. Each of the responses also detailed that sub-contractors would only be used for specialist works i.e. roofing, asbestos, large, planned works such as kitchen instalments, groundworks and foundations.
12. The HRA Working Group, and the Barbican Working Group reviewed the questions prepared for potential contractors during the soft market testing exercise, considered the communications strategy, provided feedback on issues and problems being encountered, reviewed the questionnaires issued to residents prior to distribution, considered contract options and the approach taken to evaluate the tenders, as well as future participation in the evaluation of customer service.
13. The HRA repairs and maintenance working group requested that the tender evaluation ratio for Lot 1 be based on a 40% price and 45% quality. The Barbican repairs and maintenance working group requested that the evaluation ratio for Lot 2 and Lot 3 be based on 55% price and 30% quality. The working groups comprised of residents, city officers and industry consultants Penningtons.
14. The price/quality weighting for Lot 1 reflects the prioritisation of quality for both residents and staff of the HRA. The biggest struggle for the HRA service has been the quality of repairs, with an average rate of first-time repair being [NON-PUBLIC]. Additionally, emphasis has been placed on the quality of the service for vulnerable residents, for example with difficulties reporting repairs, and with adjustments being made to carrying out repairs in unique living arrangements and circumstances. These are areas that can be picked up in the second stage quality questions.
15. The price/quality weighting for Lots 2 and 3 reflect the fact that nearly all Barbican residents are service charge paying leaseholders for whom the most significant issue with the repairs service has been the cost of repairs, with peak spend exceeding [NON-PUBLIC] in 12-months for ~2,000 properties. Additionally, with

the changes in management structure, including a dedicated Assistant Director, Head of Property Services, and Contracts Manager, all taking accountability, there is a desire to adopt an alternative strategy for managing repairs that increases the level of involvement of residents to sign-off in terms of quality, and with the contract manager scrutinising how the schedule of rates are applied. Clear quality standards will also be laid out during the first stage of the tender process to ensure it is not being compromised in the pursuit of better costs.

16. A new service model for Lot 1, Lot 2, & Lot 3 will be linked and monitored against a robust suite of KPIs to be inclusive of financial penalties for poor performance in areas such as missed appointments and recalls due to poor workmanship. Priority bands for repairs will be reviewed alongside industry best practice for example (Emergencies 24 Hours, Urgent repairs 7 working days and Routine repairs 20 working days). The Barbican Estate and HRA will procure one main contractor for the day-to-day repairs service whilst utilising a full specialist supply chain list for quoted works to provide Value for Money.
17. For Lot 1, we are pursuing the option to implement a handyperson service via the contract/contractor to deliver a routine on-site presence to address minor repairs and estate-wide upkeep. This service would be implemented on our larger estates with the flexibility to cover our smaller estates on occasions when suitable jobs come up. It is expected that the service would be fulfilled by 1-2 full-time handypersons, who could also facilitate in-person reporting of repairs.
18. A primary concern for Barbican leaseholders for Lot 2, but is also applicable for Lots 1 and 3, has been the levels of transparency over costs available to leaseholders for repairs. It is therefore a priority that our IT systems are compatible with contractors' to deliver an efficient and effective means of sharing this information.
19. Lot 3 has been included because this is a specialist area of work where we have seen significant spend that attribute to [NON-PUBLIC] of cost for the past 24 months for the Barbican. There are similarities with Golden Lane Estate. Lot 3 will also consider the option of having capital works included and the Lot 3 title may be amended to reflect this.
20. Current improvements have already been implemented with the appointment of a new contract manager. Immediate improvements to performance have been introduced by tightening up internal procedures, reviewing the contract management process, establishing strategic and operational meetings, month-by-month budget monitoring on expenditure, and introducing new approval limits.
21. The contract duration will be for a term of 5 years with annual break clauses after 3 years for all three lots. This will allow for a review on the feasibility of insourcing based on the recommendations from the Barbican resident's steering group.
22. Annual spend over the past 5 years (from 1 April each year) and the estimated spend for the period April 2025 to March 2030 is detailed in Appendix 1. ([NON-PUBLIC])

23. The Project Team will appoint an independent Quantity Surveyor to structure and carry out the commercial assessment of all costs submitted for Lot 1, Lot 2, and Lot 3.
24. An audit was undertaken in October 2023 on the Barbican Estate repairs contract with Metwin. This audit made several recommendations to improve the service, all of which are being implemented, if not already:
 - Contract Schedule of Rates will be applied, but where this is not possible, works will be specified and costed via quotation and the quotation attached to the works order.
 - The Contract Manager is ensuring that market testing (seeking alternate quotes) is undertaken in relation to non-SOR items, management has set a value for money threshold for this. Commercial processes have subsequently been adopted following the audit with internal staff, there's now a sequence of delegated authority (SODA) in place.
 - Management will monitor the volume and proportion of works orders varied after raising, a KPI/target will be set, reasons for variation will be examined and lessons learned to improve the quality of this process.
 - The pre-inspection process/responsibility will be brought within the City of London team as a "client" function.
 - Barbican property services team will introduce, as a minimum, spot-checking to validate the completion of works and, for some categories of repair, part-completion. Evidence will be retained to demonstrate this.
 - The Schedule of Rates will be reviewed in detail as part of the procurement process to re-let the contract, ensuring that those items included remain valid and expanding where relevant/useful to do so.
25. In response to the recommendations in the Pennington's Report for HRA, the current ways of working will be improved, and change is required to regain residents' confidence and trust. Housing Services is working to resolving the current problems with repairs and to improve the services delivered to residents. There will be further developments to promote the customer first culture and ensure there is capacity and capability to improve service delivery. Benchmarking repairs and maintenance performance will provide further insight into how the current contracts are performing.
26. HRA recommendations being implemented, but not limited to, include:
 - Introduction of an asset management strategy
 - Review of all policy documents and introduction of new approaches and changes
 - Prioritisation of IT system upgrades for repairs reporting
 - Review and development of KPIs for all services, including repairs
 - Review of job roles and descriptions, and clarification of ownership and accountability in key areas
 - Introduction of compliance manager role

27. The scope of service included in Lot 1, Lot 2 and Lot 3 will exclude the following services which are provided by other contracts:

- Major Works programmes, such as window replacements
- Electrical – DB Site Services (Barbican Only)
- Asbestos – Eton Environmental
- Fire & Security – Amalgamated
- Concrete & Expansions – Martech (Barbican only)
- Lift Maintenance – Guideline & Butler and Young
- TV Cabling – Metro Digital Television (HRA only)
- Plumbing & Heating – JT Edwards (Barbican only)
- Water Pumps – Pumps & Motors (HRA only)
- Security Systems – Antron (Barbican only)
- Car Park Sprinklers – J&H Fire Protection (Barbican only)
- Gas Servicing – TSG

Route to Market / Procurement Options

28. The following options were considered:

- a) ***Option 1 - to undertake a procurement exercise using the Restricted Procedure.*** This procedure has been deemed to be the most appropriate route to market due to the high number of suppliers available in the market. This is the recommended option which allows for a two-staged process which seeks to select the 5 top scoring suppliers to participate at ITT stage. This approach enables a detailed pre-qualification process to reject bidders who are clearly not suitably qualified. It also restricts the number of organisations invited to the tender stage (making the tender evaluation more manageable).
- b) ***Option 2 – to undertake a procurement exercise using the Open Procedure.*** This is not the recommended option. Although this allows for a relatively quick one-stage procurement exercise, due to the nature of the services and the maturity of the market within this area it is likely to attract many suppliers (and all will require to be evaluated). This option is not being recommended as there can be resource implications of a potentially lengthy tender evaluation (due to a high volume of responses).

29. A more detailed analysis of each option can be found in the appended PT3 Options Report, Appendix 4 ([NON-PUBLIC]).

30. The procurement timetable is detailed in Appendix 3 to ensure that a new contract is in place in advance of the expiry date, 31 March 2025.

Proposal(s)

31. The Facilities Services and Environment Category Board has endorsed **Option 1**, identifying that this option gives the opportunity to appoint the most suitable suppliers for the delivery of housing repairs and maintenance services.
32. Delegated authority has been requested for the tender award stage (see recommendation 6(iii)) to minimise the time required to present the report recommending contractors to the Court of Common Council and subsequently execute the contracts by the end of December 2024. This is required to reduce the risk of delay and maintain a mobilisation period of 3 months at the beginning of 2025 before the current contracts expire at the end of March 2025.
33. **Corporate & Strategic Implications** - This proposal aligns with key objectives in the Corporate Plan for 2024-29 where there is a commitment to ensure people receive good services, live in good quality homes, and can live independent and healthy lives. This proposal will also support the delivery of involving communities and our residents in co-creating fair and innovative outcomes.
34. **Financial implications** - The financial implications are set out in the body of the report.
35. **Resource implications**- Housing Services manage the current two main repairs and maintenance contracts, and the suite of contracts listed in paragraph 23, and Housing Services and Barbican will continue to do so for their respective new contracts. There is an undertaking to recruit a dedicated contract manager for the HRA lot 1.
36. **Legal implications** - The Comptroller and City Solicitor has been consulted on the use of the National Housing Federation (NHF) form of contract and is involved in developing those terms to suit the City's requirements. Section 20 consultation will be required for all three contracts. The Comptroller and City Solicitor will approve the relevant section 20 consultation notices for each contract and has been consulted on the timing of the relevant consultation notices within the procurement timetable.
37. **Risk implications** - The absence or delay in service provision of a Repairs and Maintenance contracts exposes the City to risk in respect of reputation by not having buildings repairs and maintained. There is further risk by not being compliant with statutory Health and Safety regulations.
38. **Equalities implications** - Specification wording will be included to ensure contractors take a positive approach to equality matters for the workforce who will be engaged on the contract and the communities they serve. This includes their approach to modern slavery. The risk and identification of modern slavery has been discussed in terms of the service delivery and operatives working in and around the homes of our residents. There will be requirements for contractors to ensure people working on this contract have the right to work, plus all operatives working on the contract will have modern slavery training and know how to report any concerns of modern slavery while carrying out their work.

39. **Climate implications** - The Contractor is expected to consider the lowest possible whole life carbon option and deliver year-on-year improvements relating to sustainability when providing goods, works and services on this contract. Improvements could be through obtaining data, minimising energy use, adopting circular economy principles, utilising sustainable procurement practices, trialling innovation or any other relevant means as discussed with the City Corporation.
40. **Security implications** – There will be DBS checks, Construction Skills Certification Scheme (CSCS) Card, and Modern Slavery Awareness Training for all operatives.

Conclusion

41. Following the review of the current service provision, the Facilities Services and Environment Category Board recommends a strategy to undertake a competitive tender exercise as set out above and as per the recommendations.

Appendices

Appendix 1 – [NON-PUBLIC]
Appendix 2 – HRA Consultation Report
Appendix 3 – Barbican Consultation Report
Appendix 4 – Procurement Programme
Appendix 5 – [NON-PUBLIC]

Michael Gwyther-Jones

Head of New Developments and Special Projects, DCCS

E: michael.gwyther-jones@cityoflondon.gov.uk

Jack Nuttall

Assistant Project Manager, New Developments and Special Projects, DCCS

E: jack.nuttall@cityoflondon.gov.uk

Oliqur Chowdhury

Commercial Lead, Commercial Service, Chamberlain's

E: oliqur.chowdhury@cityoflondon.gov.uk

Rob Pine

Procurement and Contracts Manager, Commercial Service, Chamberlain's

E: robert.pine@cityoflondon.gov.uk