

Future delivery of Housing Responsive Repairs, Voids and Maintenance services in the west of Leeds

Date: 12th December 2024

Report of: Chief Officer Housing

Report to: Director of Communities, Housing and Environment

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

In the west of the city the responsive repairs, voids and cyclical maintenance services to council homes are currently delivered by one external contractor, with a current annual budget of approximately £18.08m. These are essential services, keeping our properties safe and well maintained for residents.

This report proposes the re-procurement of these delivery arrangements when the current contract comes to an end. This has followed consideration of a range of options, and extensive consultation with the internal service provider. Delivery of this change, as well as ongoing city-wide delivery of housing services, involves close working and a Team Leeds approach.

The west service would be procured externally through a competitive process to secure one new service provider. As part of this work activity will be undertaken to identify any new requirements that will have a positive impact on customers, such as a dedicated team to provide responsive repairs service to the high-rise blocks in the west.

Recommendations

The Director is recommended to

- a) Approve that a procurement should be undertaken for the housing responsive repairs and voids and maintenance service in the west of the city, using a competitive process to secure a new service provider.
- b) Agree that the procured contract should be for a period of 5 years, with provision for extensions up to a maximum of a further 5 years. This would have an estimated annual value of £18.5m, based on anticipated costs at the start of the contract, and therefore a total baseline value of £185m if all extensions are taken.
- c) Note that the contract would be subject to annual adjustment of rates based on the inclusion in the contract of an annual indices linked adjustment. Some elements of the service are demand driven, therefore actual costs may differ.

What is this report about?

- 1 Housing’s responsive repairs and voids services, including cyclical maintenance activities, keep council housing assets – including approximately 19,860 homes as well as communal areas in the west area of the city – safe and well maintained for our residents. These are essential services, helping us to meet our commitments and legal obligations as a caring and responsible landlord.
- 2 This activity excludes delivery of investments into planned works, from replacement kitchen and bathroom schemes to energy efficiency improvements.
- 3 The council now needs to consider how best to organise future service delivery in the west, as the existing contractual arrangement expires on 30 September 2026. A decision this autumn on the approach will enable new arrangements to be properly planned for, including time for any procurement activity.

Background

- 4 For council housing managed properties Leeds was historically divided into three areas, plus those managed by the Belle Isle Tenant Management Organisation (BITMO). This position still influences how some contractual or organisational arrangements are structured. The West third of Leeds covers 13 wards, and approximately 19,860 homes (of which 1,052 are leasehold).
- 5 In the west of the city, the service delivery is predominantly via one external contract, with Mears Limited as the current service provider. There are no available options for contract extension.
- 6 Some elements of west service delivery are delivered on a city-wide basis by Leeds Building Services (LBS). For example, maintenance of all types of lifts, repairs and servicing of automatic or controlled doors, and of lightning conductors, and of all housing offices.
- 7 LBS also deliver the service for the rest of the city (east and south), having significantly expanded to take on the south area in 2021.
- 8 The below table shows the current provision approach, and the numbers and proportions of properties involved. Note that numbers of properties do vary over time, and that as most service responsibilities are on tenanted properties the numbers excluding leaseholders are a better indicator of volume of activity.

Leeds area	Current service provider	All council homes	Council homes excluding leaseholders	
East	Internal service provider (LBS)	18,570	17,433	61.28%
South		12,697	12,336	
West	External provider (Mears)	19,858	18,806	38.72%
		51,125	48,575	100%

- 9 It should be noted that the above excludes properties in the two housing private finance areas (PFI) and those managed by BITMO, approximately 2,680 and 1,850 homes respectively.
- 10 Appendix A shows a map of the west area of the city and provides further information on housing stock.

The Proposal

- 11 Following consideration of a range of options, external re-procurement of this service is proposed, covering the existing geographical area. This is also the expected lowest cost option.
- 12 It should be noted that there has been extensive engagement with the internal service provider as part of options development and consideration. It has been collectively agreed that the preferred option as presented in this paper represents best outcomes for customers, and supports LBS' Business Plan, following previous extensive growth and consolidation. LBS will continue to deliver a responsive repairs, voids and maintenance service to over 61% of council homes (excluding PFI and BITMO), as well as some maintenance services, investment programmes (planned works), and adaptations city-wide, therefore remaining the majority provider for Housing services.
- 13 Our strategic aim remains maintaining safe and quality homes and delivering a quality service with good outcomes for our residents.
- 14 Throughout the initial three years of the existing contract there has been a programme of knowledge transfer and sharing of best practice between the external provider (Mears) and LBS, which is evidenced by the performance levels of both the external and internal service provider improving over this term. Contributing to this has been a significant change programme within LBS and a drive to become more commercially focused through the adoption of a more visible planning and job management solution, improved materials supply chain arrangements and the provision of robust data in relation to productivity and efficiency. Whilst these activities have brought about some measurable improvements, additional work remains a requirement to fully realise these benefits.
- 15 Appendix B shows a table of the scope of the service provision to be procured, including the extent of housing service repairs and maintenance delivery by LBS that will continue.
- 16 Taking forward the external re-procurement would involve the same geographical boundaries and delivery by one provider for the west area. The opportunity would be taken to update specifications with any relevant city-wide changes, such as moving to the latest version of the National Housing Federation Schedule of Rates for pricing, and changes in response to new legislation and expectations on us as a landlord.
- 17 In addition, a requirement will be included for a dedicated team to provide the responsive repairs service to the high-rise blocks in the west, as well as Retirement Life and Extra Care homes. This approach will enable us to strengthen our service delivery to our most vulnerable residents as well as to better respond to the repair and maintenance needs of buildings within the scope of key landlord requirements such as the Building Safety Act 2022. This focus would aim to achieve improved resident engagement and relationships, sharing of knowledge around needs (both of residents and the building types), support problem solving and risk management, and achieve greater clarity on roles and responsibilities and more efficient working.
- 18 In relation to the external procurement one exercise is planned to be undertaken to secure a provider for the service in the west. The procurement activity will be undertaken using a competitive process to achieve value for money. Details are provided in the section on resources.
- 19 The external contract is be planned for a 5-year term, plus potential extensions up to a further 5 years in total (for example 5 extensions each of one year). This followed clear market sounding feedback in relation to length of contract to attract interest.

What impact will this proposal have?

- 20 Residents of council homes in the west of the city may have a new provider for responsive repairs and cyclical maintenance services. There will be no adverse impact of this decision on any city-wide service standards.
- 21 Introduction of a new requirement for dedicated high-rise, Retirement Life and extra care scheme properties resourcing is expected to enhance current delivery as well as improving safety for residents and improving overall satisfaction levels. By achieving these key objectives, the council's position will be strengthened in relation to meeting our regulatory responsibilities.
- 22 The proposals will deliver value for money based on competitive tendering. In addition, the external service provider will be required to achieve additional social value benefits.
- 23 Staff employed by the current service provider may be impacted. Note the sections on risk and legal implications.
- 24 Equality, diversity, cohesion and integration has been considered, and the impact assessment is included as Appendix C to the report. The action plan will be carried forward by Housing, including actions to engage with residents on areas for potential improvement (see content in consultation and engagement section) from themes identified through complaints or dissatisfaction intelligence. In addition, ongoing work to improve the quality of the data we hold on our residents and the development of a vulnerability strategy is being taken forward to support continuous improvement in delivering services.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 25 Health and wellbeing. Having good providers in place to provide responsive repairs and cyclical servicing and maintenance activity supports us to provide good quality housing, so everyone can have a home which supports good health, wellbeing, and educational outcomes.
- 26 Inclusive Growth. As part of the procurement, we will look to deliver additional social value, including in relation to skills development and employment opportunities with evaluation of tenders against specific themes, outcomes, and measures (TOMs).
- 27 Zero Carbon. A high-quality housing repairs service supports making the homes our residents live in more environmentally friendly and cheaper to run. Procurement activity to be undertaken will include qualitative assessment of the measures that tendering contractors will put in place, for example to reduce emissions from travel and reduce waste to landfill.
- 28 Delivery of the services to high-rise in the west by specialist teams should support working in clusters and enable both more effective repairs and less travel for operatives.

What consultation and engagement has taken place?

Wards affected: Adel & Wharfedale, Armley, Bramley & Stanningley, Calverley & Farsley, Farnley & Wortley, Guiseley & Rawdon, Headingley & Hyde Park, Horsforth, Kirkstall, Little London & Woodhouse, Otley & Yeadon, Pudsey and Weetwood.

Have ward members been consulted?

Yes

No

- 29 Executive Members for Housing and for Resources have been consulted on the approach and support the proposal. In addition, senior officers across the council have been consulted, given the Team Leeds approach needed to enable this service delivery in the west and also city-wide.

- 30 There has been close working with colleagues in Civic Enterprise Leeds in relation to potential options. This has been used to shape the evaluation of options and assessment of key risks, sustainability and affordability.
- 31 BITMO has been consulted on the options appraised and preferred option in order to ensure coherence with its future strategy and service delivery.
- 32 Procurement colleagues from Procurement & Commercial Services have been closely involved and will be key members of the project team as activities progress, supporting any housing external procurement. Finance colleagues have also been consulted and work closely with Housing in relation to costs of service delivery.
- 33 Two market sounding exercises have been undertaken with regards to responsive repairs and voids and also cyclical maintenance to ascertain the level of market interest in delivering these elements independently.
 - a) Responsive Repairs and Voids – Expected level of interest received from main contractors, each anticipated to be large enough to take on the scale of work associated with this provision, and with ample experience in delivering comparable works for comparable clients.
 - b) Cyclical Maintenance – Feedback from the market sounding has identified that interest from specialist cyclical maintenance contractors in submitting a tender for the work is unlikely. This suggests that only those organisations interesting in tendering for the RR&V work would be likely to submit a tender. All these organisations do however have comparable experience of delivering cyclical maintenance on other contracts.
- 34 Trade Union colleagues' have also been consulted. Concerns were raised about the option to internalise the service not being progressed. These concerns have been addressed, and additional conversations with the Executive Members for Housing and Resources have been held to discuss the approach and challenges, with a range of information provided. Housing are committed to continued positive engagement with Trade Union colleagues throughout the proposed procurement.
- 35 Future planned consultation or engagement includes:
 - a) resident consultation around the procurement will be undertaken through the established Tenant Voice Panel network, and engaging with the Tenant Scrutiny Board. Whilst there are no proposed changes to service standards, appropriate engagement will be undertaken which allows residents to share their views on the proposals for consideration and make provision for residents to be appropriately involved in the external tender evaluations. Aligned to preparation of the tender documents, targeted resident engagement will take place to seek opportunities for improvement in areas where resident feedback and complaints data suggests weakness such as contractor code of conduct, access procedures and communication around communal repairs.
 - b) affected leaseholders in relation to the procurement after any formal decision, and also before contract award, in line with legal requirements.

What are the resource implications?

- 36 Funding for the service comes from the Housing Revenue Account (HRA). The current budget for the service in the west of Leeds is approximately £18.08m per year. From 2026 this is expected to be circa £18.5m. Over the maximum 10-year term of the contract therefore, the anticipated total contract would be estimated at £185m. However, this contract value would be adjusted based on of an annual index linked adjustment model which will be included in the contract and essential to ensure that the contract remains sustainable in-line with market conditions.
- 37 Key performance indicators (KPIs) will be used to make sure there is consistent service delivery across the city, and are expected to cover areas such as time to complete repairs, satisfaction

with different parts of the repairs journey, time taken to re-service void properties, and progress with compliance activity.

- 38 Section 20 consultation will be undertaken to ensure full recovery of costs for works carried out to leasehold properties.
- 39 External procurement is proposed to be undertaken in line with the new Procurement Act 2023. Based on an assessment of how to achieve the best market interest and value for money, a single procurement exercise is planned, undertaken via competitive flexible procedure (2 stage) to appoint a single contractor.
- 40 The tender evaluation methodology will be based on a quality and price approach of a 60:40 split respectively, with a threshold in place for the quality submissions so minimum requirements are met. Quality will include assessment of additional social value.
- 41 The contract will use the New Engineering Contract (NEC4) model term service contract form and be priced using the National Housing Federation Schedule of Rates, in line with internal and market familiarity.
- 42 The new contract will be managed by the Housing Asset Management team and contract management plans will be developed in line with the council's Contract Procedure Rules.
- 43 Service, project and procurement resources to deliver the change will be prioritised from existing staffing.

What are the key risks and how are they being managed?

- 44 Gaps in service provision. If new arrangements are not in place and well mobilised in time for 1 October 2026 then critical repairs and maintenance services, including statutory compliance tasks, may not be able to be delivered to west council tenants to meet our important landlord functions. Potential health and safety impacts, as well as reputational and non-compliance with consumer standards. We will be working hard to manage activity to plan, as well as monitoring and reporting key risks in-order to ensure that these are appropriately managed.
- 45 Costs and affordability. Higher costs of the new service provision may be unaffordable within the Housing Revenue Account provisions, with negative impacts on the delivery of other key housing activity. For the externally procured parts of the service the competitively tendered rates could be higher or lower than those estimated.
- 46 ICT: notably IDS resources and sufficient time for system changes and integration for new and existing providers. A business case to the Digital Change Board should secure staff resources for this critical work, and a minimum of six months mobilisation period is planned for new service providers given essential system integration activity. IDS resources remain a key risk across a range of housing activity, linked to the need for critical work on systems to respond to regulatory changes as well as activities for efficiency improvements.
- 47 TUPE related risks (contractor to contractor). Staff currently delivering the service are expected to fall under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) legislation and may transfer from the existing provider to any new provider. If information provided on staff in scope by the current service provider is inaccurate, or the result is not as expected for the new external service provider this may cause provider challenges in sufficient staff to deliver the new service and/or with costs or harmonisation of pay and conditions, including some pension legacy. The council will co-ordinate the work force information between relevant parties.

What are the legal implications?

- 48 The decisions set out in this report are being taken as a key decision and are subject to call-in. Resulting decisions arising include contract award, and potential contract extensions.

- 49 In relation to the procurement, leaseholders with properties in scope will be consulted in line with national legislation to make sure they are aware, and so that we can recharge where appropriate the costs of any works to leasehold properties.
- 50 It should be noted that we continue to work with all our service providers in relation to meeting our statutory and regulatory requirements as a good landlord. These include The Secure Tenants of Local Housing Authorities (Right to Repair) Regulations 1994 and The Homes (Fitness for Human Habitation) Act 2018, as well as more recent legislation including The Building Safety Act 2022 and the Social Housing (Regulations) Act 2023 which includes Awaab's Law.
- 51 TUPE legislation is expected to apply to those eligible external contractor staff, including legacy staff, involving their transfer to another service provider. Indicative TUPE workforce information will be requested from the incumbent provider early 2025 and shared with shortlisted tenderers at the appropriate time. Following this TUPE Transfer will be contractor to contractor with limited involvement from the council.
- 52 In addition, the procurement activity is expected to fall under the Procurement Act 2023, which is anticipated to be implemented in 2025, and appropriate updated processes and templates will be followed accordingly.

Options, timescales and measuring success

What other options were considered?

- 53 A range of options were discounted or shortlisted after considering best outcomes for customers including risks to delivery by deadline and to quality standards, costs and affordability, consultation with the internal service provider, compliance with government regulations or council procedures, and market sounding feedback. These included the following:
- 54 Fully internalise the service. This would involve LBS taking on two thirds again as many council homes compared to present. It is the highest risk option given the extensive work needed to deliver by the deadline, including logistical and infrastructure issues, additional costs associated with fleet and other increases as well as potential TUPE transfers, ability to recruit and retain staff with the right skills, and the capacity of existing staff (across LBS, procurement, IDS, finance, HR) to support this level of growth within the timescales alongside ongoing delivery and improvement work. This option would also be the highest cost and not affordable. Housing and LBS have agreed that this is not a viable option.
- 55 A mixed approach – internalise the service to high rise, Retirement Life and extra care scheme properties and cyclical maintenance activity, with the remaining service externally procured. This would involve LBS taking on the service to an additional approximately 4,000 homes and enable a consistent city-wide approach to delivery within our buildings classified as high-risk and in scope of key landlord requirements under the Building Safety Act 2022 and Fire Safety Act 2021. It would also enable a consistent approach to service delivery to our most vulnerable residents. However, there would be some increases in expected costs of delivery and risks around potential TUPE and uncertainty for the internal service provider to prepare for and mobilise a mixture of self-delivery and sub-contracting arrangements. Housing and LBS have agreed that this is not a viable option.
- 56 Re-procure the West contract in multiple parts: e.g. separate cyclical maintenance, plus repairs and voids with two providers with a geographic split. This would continue to provide a hybrid approach across the city using internal and external provision but would increase the contract management resource needed within the council. Although some market sounding feedback identified that slightly smaller areas for the repairs and voids service provision could be of more interest to the market at this time, in practice it was still unlikely to attract tenders from smaller or medium sized organisations and therefore would not recognise any enhanced social value

benefits and likely increase delivery costs through higher overheads. In addition, there was little interest from specialist cyclical maintenance contractors in submitting a tender for the work.

How will success be measured?

- 57 New provider in place and mobilised by deadline, enabling a smooth transition of the service.
- 58 Quality housing services provided, with good relationships and achievement of key performance indicator measures by both internal and external providers. These will include customer satisfaction.
- 59 External provider social value commitments being delivered.

What is the timetable and who will be responsible for implementation?

- 60 The indicative timetable for the external procurement is summarised below:
 - Jan/Feb'25 First leaseholder consultation
 - Apr to Jul'25 Tender docs out and Selection stage to provider shortlist notifications
 - Jul to Nov'25 Tender docs out and evaluation, preferred provider identified
 - Mar'26 Contract award (after second leaseholder consultation and decision)
 - Apr to Sep'26 Mobilisation - 6mo provision (minimum requirement given ICT integration needed)
 - 1 Oct'26 New provision to start
- 61 The Chief Officer Housing will be responsible for implementing the above.

Appendices

- Appendix A – Area and Housing stock information
- Appendix B – Table of Housing responsive repairs, voids and cyclical maintenance service provision
- Appendix C – Equality, Diversity, Cohesion and Integration Impact Assessment

Background papers

- None.