For: Applicant Witness: A Marshall 1st Statement Date: 28/01/25 Exhibits: AM1

IN THE FIRST-TIER TRIBUNAL PROPERTY CHAMBER

BETWEEN:-

THE MAYOR AND BURGESSES OF THE LONDON BOROUGH OF LAMBETH

Applicant

and

THE LEASEHOLDERS OF 5,363 PROPERTIES

Respondents

THIS IS THE EXHIBIT MARKED "AM1" REFERRED TO IN THE WITNESS STATEMENT OF ANDREW MARSHALL dated 28 January 2025



Your Ref: «Property_Ref»

Our Ref: HOS/HOUSCONTRACT/AUG2019

«Names» or THE CURRENT LEASEHOLDER(S)

«Address 1»

«Address 2»

«Address 3»

«Address_4»

«Address 5»

«Postcode»

DATE: 2 AUGUST 2019

PROPERTY ADDRESS: «ADDRESS»

Dear «Names» or THE CURRENT LEASEHOLDER(S)

We are writing to advise you that several current contracts which provide services to the London Borough of Lambeth's tenants and homeowners are soon to expire.

As several contracts are expiring at the same time, the council has used the opportunity to review how it delivers the services, by looking at and considering all delivery options.

The review led to a decision to seek to procure seven new contracts as follows:

Contract 1: Responsive repairs and maintenance

Contract 2: Lift repairs and maintenance

Contract 3: Capital works and planned maintenance

Contract 4: Block cleaning and concierge

Framework 1: Bespoke Capital works (building/estate structure)

Framework 2: Bespoke Capital works (mechanical and electrical services)

Framework 3: Multi-disciplinary consultancy services

The council will procure the new contracts through a competitive process and design them in a way that ensures they provide the best quality and value. The new contracts will also ensure there is no duplication, where different contracts provide similar services.

Legislation states that the council as a landlord must consult with homeowners where it seeks to enter into contracts which are classed as 'Qualifying Long-Term Agreements' and which may result in rechargeable costs to them. The seven attached Notices of Intention are the first part of the required two-part consultation

London Borough of Lambeth Homeownership and Rents PO BOX 734

PO BOX 734 Winchester SO23 5DG Telephone: 0207 926 6521

Email: <u>HMHomeOwnership@lambeth.gov.uk</u>

Website: www.lambeth.gov.uk

process we must carry out. Each of these notices details the proposed contracts and invites you to make observations on each proposal within 35 days of the date of this letter.

Please find included a set of Frequently Asked Questions. If you have any queries regarding any part of this letter, please contact us directly on 020 7926 6521 or HMhomeownership@lambeth.gov.uk for any further assistance.

For information on the Section 20 process and why we have sent this notice to you please visit our video here:

https://www.youtube.com/watch?v=Q_Md5aWBu84&feature=youtu.be

Selling your Home

You should keep these documents in a safe place, and if you sell your home they should be passed on to your solicitor. In cases where the ownership of the property changes hands during the consultation period, it is important that this statutory notice is disclosed to the purchaser. It is reasonable for Lambeth Council to expect the new leaseholder to have received copies of this documentation from the seller. It is not necessary for Homeownership Services on behalf of the London Borough of Lambeth to re-start the consultation process.

Tenant Management Organisations (TMO)

If your property is located in a block or on an estate managed by a TMO, we recognise that these services may not be supplied to you by Lambeth Council. Please see the included Frequently Asked Questions for more information on services that are provided directly by your TMO.

Yours sincerely,

K. Kellaway

Karen Kellaway Senior Major Works Co-ordinator Homeownership & Rents Resident Services Phone: 020 7926 6521

Email: HMhomeownership@lambeth.gov.uk

www.Lambeth.gov.uk

Postal address: London Borough of Lambeth, PO Box 734, Winchester, SO23 5DG

Website: www.lambeth.gov.uk

Email: HMHomeOwnership@lambeth.gov.uk

Your Ref: «Property_Ref»

Property Address: «Address»

DATE: 2 August 2019

Contract 1: Responsive repairs and maintenance

Notice of Intention to enter into a long-term agreement subject to public notice Section 20 of the Landlord & Tenant Act 1985 (as amended by section 151 of the Commonhold & Leasehold Reform Act 2002) and Schedule 2 (Regulation 5(2) of the Service Charges (Consultation Requirements) Regulations 2003)

This Notice has been served on all Lambeth Council leaseholders and recognised Tenant Associations.

The Landlord and Tenant Act 1987 Section 47 & 48: The name of your landlord is: The Mayor and Burgesses of Lambeth, Lambeth Town Hall, 1 Brixton Hill, London SW2 1RW.

Description of Service

Long term agreement providing a full comprehensive Responsive Repairs and Maintenance Service that will include but is not limited to: Day-to-day repairs, void property repairs, communal / district heating systems, individual boilers (within homes), domestic electrical systems, communal electrical systems, emergency lighting, lightning protection systems, communal cold water services, communal washing machines, dry risers, hose reels and sprinklers.

Reasons for entering into a Qualifying Long Term Agreement

The Council is legally obliged to repair and maintain its estates, blocks and individual properties. As the current contracts used to do this are soon to expire, the Council must seek to replace them in order to continue to meet its legal obligations. A recently completed options appraisal concluded the best way to do this would be to enter into a new Qualifying Long Term Agreement.

Procurement

Under the consultation regulations, you do not have the opportunity to propose the name of a person or company from whom we should try to obtain services. European legislation states that contracts over a certain amount must be tendered through Official Journal of the European Union (OJEU) and therefore a public notice of the services is to be given, and an advertisement will be published on a public procurement portal. The established process is compliant to the OJEU and is accessed by local authorities, social landlords and other public bodies.

How to make observations about this proposed long-term agreement

We invite you to make observations in relation to the proposed agreement within the relevant period. Any observations must be made in writing and delivered to the address below by the 7 September 2019, which is 35 days from the date of this notice and when the consultation period ends.

You can submit your observations via the following methods:

- Online via our E-Form: https://www.lambeth.gov.uk/forms/homeowners-majorworks-written-observation-form-section-20
- Email the Section 20 Consultation Team at: HMhomeownership@lambeth.gov.uk. Please state 'Section 20 Observation' in the subject box.
- Post: London Borough of Lambeth, Home Ownership Services, PO Box 734, Winchester, SO23 5DG, quoting 'Section 20 Observation' in the letter.

Review a description of proposed services

A description of the proposal will be available for inspection during normal working hours which are 9am to 5pm Monday to Friday (excluding Bank Holidays) at the Civic Centre, Brixton Hill, SW2 1RW. If you want to see the documents, please call to make an appointment on 0207 926 6521.

Frequently Asked Questions

Why have I received this Notice?

The London Borough of Lambeth is seeking to replace contracts it uses to provide services to its tenants, leaseholders and homeowners. You have received these notices because you are a London Borough of Lambeth leaseholder or homeowner and hence by law and by the terms of your lease, we must consult with you via a Section 20 Notice. Many of the services covered by this Notice are rechargeable to leaseholders and homeowners and if we do not consult with you, we are not able to recharge our full costs.

I do not receive the some or all of the services detailed in the notices so why am I being consulted and will I be charged?

This is a borough wide consultation, hence we consult with all tenants, leaseholders and homeowners. You will only be charged for services that you receive in your block and/or on your estate.

My property is part of a block or estate managed by a Tenant Management Organisation (TMO) who provide these services directly. Why am I being consulted and will the services currently being provided by my TMO be replaced by those provide under these contract?

This notice is a borough wide Section 20 consultation to all Lambeth Council homeowners regardless of if they would receive services under the proposed new contracts. This is so all homeowners are aware of the proposal and could pose questions should they so wish.

Lambeth Council recognises that you will not receive some or all these services from our procured providers as they are provided directly by your Tenant Management Organisation (TMO), by sending you the notice we are simply inviting you to make comment, we have no intention of imposing these services upon you/your TMO and once any proposed new contract goes live, you will continue to receive your services via your TMO as you do now.

Some of the services mentioned (such as rubbish removal) appear to be services that I already receive funded by Council Tax, why am I going to be charged again?

These services are those provided by Lambeth as your landlord/freeholder over and above those services provided to you as a Council Tax payer and are funded from the Housing Revenue Account. Any services that are currently provided by Lambeth

and funded through Council Tax will remain in place and we will not be charging you again.

Why are we proposing to enter into a long-term agreement?

Having reviewed its current housing service delivery arrangements, the Council considers that long-term agreements represent the best delivery mechanism for some of its service areas. A long term agreement is one that lasts longer than 12 months.

The Council intends to design and use long-term contracts for purchasing services that do not typically lend themselves to direct delivery by Lambeth employees.

These include highly specialist services, those which cannot guarantee regular and consistent work volumes, and those where moving to direct delivery would adversely affect service costs or lead to a prolonged period of service disruption.

Long-term contracts will provide an opportunity to continually improve services; deliver services in a consistent manner; increase cost certainty; and avoid repeated procurement exercises and the associated costs and delays these bring.

Long-term contracts also create pricing economies by virtue of their scale and longevity and instil a heightened willingness for contractors to invest in the borough. The Council does however intend to build flexibility into the long-term contracts, such as by making no-fault termination provisions, to ensure that it can deliver services in an alternative way should it so wish in the future.

What is the proposed scope of the long-term agreement?

The Council has reviewed its housing service delivery arrangements and considers that long-term agreements represent the best-fit delivery mechanism for the following service areas:

- Responsive repairs and maintenance
- Lift repairs and maintenance
- Capital works and planned maintenance
- Bespoke major work projects to the structure of buildings and estates
- Bespoke major work projects to mechanical and electrical services
- Multi-disciplinary consultancy support
- Block cleaning and concierge

The review considered a range of objectives, looked at current best practice within the sector, the strengths and weaknesses of the current service and considered the aspirations of residents on how the service can be improved. Having identified bestfit delivery arrangements for it service areas, the Council now intends to start

designing long-term agreements and invite proposals/bids from suitable contracting organisations.

The nature of the long-term agreement for bespoke major work projects and multidisciplinary consultancy support will be one that supports future competition amongst service providers on a project-by-project basis. The council is exploring several solutions that will deliver future competition amongst providers which include Frameworks and Dynamic Purchasing Systems. Should a Framework arrangement be considered the best fit solution, the length of the Framework agreement will be restricted to a maximum of 4 years.

What do you mean by responsive repairs and maintenance?

Responsive repairs, including void property repairs, refers to work that is typically done in a reactive manner (usually reported by residents or identified by housing staff) and does not tend to form part of a planned project - although repairs are often packaged together to deliver them in a more efficient and coordinated manner. The scope also includes the repair, servicing and maintenance of gas supplies and heating systems, boilers, door entry systems, electrical services, lightning protection systems and water supply/storage systems.

What do you mean by lift repairs and maintenance?

Lift repairs and maintenance work includes the repair, servicing and maintenance work to passenger lifts and stair lifts and associated equipment and controls.

What do you mean by capital works and planned maintenance?

Capital works includes renewal type work and work of a more substantial nature needed to maintain a home to a minimum fitness standard – currently referred to as the 'Lambeth Housing Standard'. The work typically includes the renewal or major repair to kitchens, bathrooms, heating systems, electrical systems, roofs, windows, entrance doors, communal doors, lifts etc. Planned maintenance refers to projects that are planned in advance (including aids and adaptation work); or work that is done in routine cycles i.e. decoration.

What do you mean by bespoke major work projects to the structure of buildings and estates?

Bespoke major work projects are those ad-hoc projects to the structure of buildings or estates that have not yet been identified and cannot therefore be competitively priced in advance.

What do you mean by bespoke major work projects to mechanical and electrical services?

Bespoke major work projects are those ad-hoc projects to the mechanical and electrical services to buildings or estates that have not yet been identified and cannot therefore be competitively priced in advance.

What do you mean by multi-disciplinary consultancy support?

The Council requires specialist support from independent professional consultancy firms to carry out a range of compliance and support services. These services include: structural engineering, building surveying, architectural design, project management, cost management, procurement, fire risk assessments, asbestos surveys, health and safety management, disability access audits, compliance auditing.

What do you mean by Block cleaning and concierge?

The block cleaning and concierge service includes cleaning of communal areas within blocks, including stairs, windows and lifts. Concierges provide additional support and security in blocks where they are present including the monitoring of CCTV systems where installed and controlling unauthorised access to buildings.

Can I nominate a contractor?

You do not have the right to nominate a contractor. The 2003 Service Charge regulations refers to contracts 'for which a public notice is required'. These are for contracts where the values involved will be of a level where EU procurement rules apply. Since the intended agreements exceed the thresholds, the council will advertise the proposed contracts by putting a public notice in the Official Journal of the European Union (OJEU).

The public notice is needed for contracts supplying goods or services at £181,302 and over and for work contracts at levels of £4,551,413 and over.

At this initial stage, the council seeks for and will consider your opinions and views in the proposed contracts that we seek to procure. You are not being consulted on the choice of contractor.

Why doesn't Lambeth provide these services in-house and employ officers to carry out these duties?

An evaluation of the options for delivering the service determined that bringing the service in-house would be a higher risk option in terms of service delivery and cost.

London Borough of Lambeth Homeownership and Rents PO BOX 734 Winchester SO23 5DG

Website: www.lambeth.gov.uk

How will I be charged for these contracts? Where do these fees show up in our service charge bill? Are they separate?

You will be charged for the services provided under these contracts in your yearly service charges. The costs will show on your estimates received in April and then actuals in September. If you have received Capital/Major works to your building/block or estate, these may be charged separately throughout the year, but we will inform you if this is the case.

How will the Council ensure costs are kept to a minimum?

In the first instance and in addition to the economies of scale Lambeth Council is able to achieve, the Council will be creating clear specifications and tender documentation to ensure pricing is accurate. The Council will also adopt straightforward pricing arrangements that are auditable and offer transparency to service charge payers.

Furthermore, contractors will be required to work to a series of key performance indicators KPIs), developed with residents to reflect service priorities that will be linked to profit payments.

The Council is building a contract scrutiny and cost management team to assess payment applications and apply a governance structure across all contracts. We are also continuing with the rollout of handheld mobile working technology to streamline physical inspections of work.

How will you be selecting the provider?

Following the successful completion of this Notice of Intention consultation, the council will be in a position to start designing the long-term agreements. All of our proposed works contracts and consultancy contracts are above EU thresholds and will therefore be advertised in the Official Journal of the European Union ("OJEU").

Following the Pre-Qualification and Shortlisting stage, the tender process will commence. Submitted tenders will be evaluated based on the evaluation criteria set out in the invitation to tender that will include both cost and quality criteria.

Robust evaluation of cost and quality elements will be undertaken by an Evaluation Panel. There will be resident representation on the quality evaluation panel.

After this evaluation process, we will write to you a formal part of the Stage 2 consultation process, known as Notice of Proposal. Leaseholders will be informed of the proposed contracts and we will set out the evaluation process and a more detailed scope of works the contracts will cover. Again, the Council will give due regard to observations received.

London Borough of Lambeth Homeownership and Rents PO BOX 734 Winchester SO23 5DG

Will you be applying lessons learnt?

Whilst the current contracting arrangements have mostly delivered the required volume of work, there have been a number of lessons which the Council has learnt. The Council will apply this learning to the new long-term delivery arrangements in the following ways:

- More straightforward forms of contract
- Embed a contract scrutiny and governance oversight across all new delivery arrangements
- Financially incentivised KPIs that focus on the most important aspects of service delivery
- Create flexibility through clearly set out no-fault termination provisions
- Avoid geographical exclusivity and guarantees of work where possible
- The Council to have a say in the appointment of subcontractors
- Involve residents in service design; and the evaluation and monitoring of contracts.

Will the agreements differ from the existing ones?

The intended agreements are yet to be designed but will inevitably be different – primarily to apply the lessons learnt that are summarised above. In general, the intention will be to use more straightforward forms of contract that are familiar to the market and potential bidders and which incorporate straightforward pricing arrangements.

There will also be a robust performance management framework – including financially linked KPIs – embedded in the agreement. The intended agreement will also give the Council a lot more flexibility to reallocate work should it wish to do so.

How long will the agreement last?

The length of the agreement is yet to be determined and will typically be the optimum period that will maximise economies of scale yet give the Council sufficient flexibility going forward. The Council is provisionally considering six years as the optimum period, with no-fault termination provisions effective after the second year, and with the right to extend for two additional four year periods where performance remains strong (6 years + optional 4 years + optional 4 years).

How will you ensure the contracts are robustly managed?

The Council recognises the need for strong contract management and is expanding a contract scrutiny and cost management team to forensically assess payment

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Website: www.lambeth.gov.uk

applications and apply a governance structure across all contracts. The Council is confident that this team and governance structure, together with embedding a performance management framework and financially linked KPIs, will allow it robustly manage the intended long-term contracts.

Will the council be getting independent advice and support?

In order to design and procure the intended long term agreements, the Council will employ the services of a professional consultancy to help deliver a range of specialist procurement services.

The services included are as follows:

- Service design
- Specification development
- Procurement advice
- Mobilisation
- Training and recruitment

How does the procurement of new service contracts affect the services I currently receive?

During the tender stage there will be no impact to the services you're currently receiving.

What are the next steps?

The key next step for the council is to consult with you as leaseholders of our intention and to respond to any queries that you may have about this procurement.

Once the Observation period is closed and all observations have been responded to with due regard, Lambeth will seek to publish a notice in the Official Journal of the European Union inviting tenders for the contract and the procurement process will start.

Can I take part in the procurement process?

If you are interested in taking part in the procurement process, please sign-up to the Lambeth 500+, ensuring to state your interest in the housing services procurement process. A council representative will be in contact when any relevant opportunities for involvement arise. You can sign-up using the addresses below:

www.lambeth.gov.uk/council-tenants-and-homeowners/get-involved/lambeth-500

Who do I contact about the current service providers?

Repairs: If you want to request a repair, please call our Lambeth Housing Management Contact Centre on 020 7926 6000. You can also request repairs online https://www.lambeth.gov.uk/housing/council-and-social-housing/request-a-repair-to-a-council-house. To report an emergency repair outside of normal working hours (including on a bank holiday or weekend) please call our Lambeth Housing Management Contact Centre on 020 7926 6000.

Caretaking Services: To contact your local housing caretaker or concierge operator during normal office hours contact us on 020 7926 6000.

Report a communal light repair: If you notice that a lamppost or stairwell light needs repairing visit: https://www.lambeth.gov.uk/parking-transport-and-streets/street-and-road-maintenance/report-a-faulty-street-light

Communal cleaning: If you feel there is a problem with the cleaning or you would like to register a complaint about the standard of cleaning, call us on 020 7926 6000.

Pest control services: If you think you are infested with these pests, or would like advice about dealing with them, call us on 020 7926 6000 or contact your area housing office who will arrange for a pest control contractor to visit you.

Service charges, altering your home, subletting: Please email us on HMhomeownership@lambeth.gov.uk or call us on 0207 926 1116.

I have a question about this letter.

If you would like to raise a query or an Observation about this letter please contact us via the following methods:

- Online via our E-Form: https://www.lambeth.gov.uk/forms/homeowners-major-works-written-observation-form-section-20
- Email the Section 20 Consultation Team at: HMhomeownership@lambeth.gov.uk. Please state 'Section 20 Observation' in the subject box.
- Post: London Borough of Lambeth, Home Ownership Services, PO Box 734, Winchester, SO23 5DG, quoting 'Section 20 Observation' in the letter.

Website: www.lambeth.gov.uk



CABINET 15 MARCH 2021

Report title: Housing Repair and Maintenance Contracts 2021

Wards: All

Portfolio: Councillor Jennifer Brathwaite: Deputy Leader of the Council (Housing and

Homelessness)

Report Authorised by: Bayo Dosunmu: Strategic Director for Resident Services

Contact for enquiries: Neil Euesden, Director of Housing Services, 020 7926 9082,

neuesden@lambeth.gov.uk

REPORT SUMMARY

Further to the council's commitment to radically redesign its repair and maintenance services in pursuit of better quality, socially responsible and digitally-driven services, this report is recommending the award of 10 new housing repair and maintenance contracts and two reserve contracts. Each proposed contract will have a term of six years plus two discretionary options for the council to extend for a further four years (6+4+4).

All of the proposed contract awards are the result of an OJEU-compliant public procurement process and each represents the most economically advantageous tender received and evaluated by the council against an agreed lot award structure and quality and cost ratio (60% quality; 40% cost).

The proposed contracts have been procured using the Competitive Procedure with Negotiation (CPN), which involved two post-qualification stages of tendering (Initial and Final) with an intervening period of negotiation – focused on enhancing social value (including employment and environmental requirements), innovation, ICT, and performance. This has helped to closely align the final tenders proposed for acceptance with the council's objectives and achieve best-fit contracting arrangements.

The Council has been supported throughout this procurement process by a dedicated resident procurement panel (RPP), Just Housing Group (JHG) (housing and procurement specialists) and Sharpe Pritchard (public law specialists).

FINANCE SUMMARY

The Housing Revenue Account (HRA) budget for all of the services that will be delivered under the proposed contracts is £31.698m, (split £24.698m revenue and £7m capital). The combined sum of all the tenders is £35.068m, of which £25.410m is revenue and £9.658m capital (the actual tender costs for all bidders is set out in Part II of this report). These increases will be funded from additional borrowing (capital) and existing revenue budgets (revenue) supported by the 30yr HRA Business Plan.

RECOMMENDATIONS

To award 10 housing maintenance and repair contracts and two reserve contracts as detailed in Table 1 below, from April 2021 to April 2027 for an amount of £219.556m, with the option to extend for two further four-year periods to April 2031 and April 2034, for a maximum contract value of £549.070m (amounts subject to annual inflationary adjustments determined by the Consumer Prices Index).

Table 1: Recommended Contract Awards

Lot	Area	Service	Recommended Tenderer	Annual Contract Sum (£'000)
1.	North	Responsive Repairs and Voids	Fortem Solutions Ltd	7,709
2.	South	Responsive Repairs and Voids	Wates Property Services Ltd	7,958
3.	North	Communal Gas & Water Systems	T Brown Group Ltd	2,266
4.	South	Communal Gas & Water Systems	OCO	1,859
5.	North	Domestic Gas Works	MPS Housing Ltd	4,878
6.	South	Domestic Gas Works	T Brown Group Ltd	5,623
7.	North	Electrical Works	NRT Group	1,368
8.	South	Electrical Works	OpenView Security Solutions Ltd	1,977
9.	North	Lift Maintenance	RJ Lift Services Ltd	701
10.	South	Lift Maintenance	Amalgamated Lifts Ltd	729
1R.	North	Reserve contract for Lot 1.	Breyer Group	
2R.	South	Reserve contract for Lot 2.	Morgan Sindall Property Services Ltd	
			Total	35,068

REASONS FOR EXEMPTION FROM DISCLOSURE

The accompanying part II report is exempt from disclosure by virtue of the following Paragraphs of schedule 12A to the Local Government Act 1972:

Paragraph Three: Information relating to the financial or business affairs of a particular person (including the authority holding that information).

Paragraph Four: Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holder under, the authority.

1. CONTEXT

Background

- 1.1 Responsive repairs and related specialist mechanical and electrical services (gas/heating and water systems; electrical and door entry systems; lifts) are one of the most important indicators of customer satisfaction. The effective re-procurement of these services was, therefore, a key priority for the council.
- 1.2 Over the last 10 years, housing repair and maintenance services have been delivered via 13 long-term contracts, 12 of which went live in October 2010 and one in July 2016. These contracts have come to their natural end and this procurement seeks to better align housing service delivery arrangements with the council's current ambitions.
- 1.3 Involving and listening to residents during the process has influenced the shape of the final solution. Important in this context is ensuring that the council is not dependent on a single contractor for any service; and that contract relationships are directly with the service provider minimising sub-contracting. Social value and innovation have been prioritised throughout the process.

Borough Plan

- 1.4 The entire ethos of the housing service redesign and associated procurement has been to align services and deliver against the ambitions set out in the Borough Plan with particular emphasis on creating sustainable growth, resilient communities and independent living.
- 1.5 These new contracts have been designed to improve social, economic and environmental equality. Moreover, the tender evaluation methodology was designed around these objectives.

2.0 PROPOSAL AND REASONS

Proposal

2.1 Following a fully compliant procurement exercise, Resident Services is recommending Cabinet approval to award 10 new housing repair and maintenance contracts (plus reserve contracts) as shown in Table 1 above. The total estimated value of the 10 contracts is £35.068m. The contracts will deliver responsive repairs, voids, gas servicing, electrical servicing and lift maintenance to the North and South neighbourhoods. The term of the contracts is six years, with the option at the council's discretion to individually extend any of the contracts by two periods of four years up to a total aggregate extension period of eight years. The maximum term of each Contract is therefore fourteen years (6+4+4).

The two reserve contracts are for responsive repairs and voids only and awarded to the second ranked tenderer in that lot – which were subject to the same tendering and evaluation process. Expenditure will only be incurred under the reserve contracts if and when the council diverts work away from the main contractor (essentially the reserve contractor is on standby until its services are invoked by the council).

2.2 Contracts will commence as soon as is practicable; with full mobilisation by July 2021. The ambition to transform the total repairs service has been a fundamental driver behind the re-

procurement and is linked to a number of other initiatives in Resident Services; notably significant investment in ICT, action to improve the first point of call contact and a more strategic approach to asset management.

Procurement Route and Evaluation Methodology

2.3 Competitive Procedure with Negotiation (CPN) followed the approval of the Business Case and Procurement Strategy Report. Through CPN the Council has effectively managed the scale and complexity of the procurement through a three stage, restricted procedure; and facilitated negotiations to improve the quality of the contracts while providing value for money. The chosen procurement route has allowed the council to seek and negotiate improvements from shortlisted tenderers in the submission of their final tender. The approach was agreed as the most appropriate procurement mechanism to deliver a best fit service for the future. Further details of this approach are provided in the Part II report

Price and Quality Percentage Split

- 2.4 The focus on quality and service improvement has been a principal driver throughout the reprocurement exercise. The decision to use a 40% price, 60% quality ratio for all lots recognises the emphasis on quality. This was the recommendation of the service design group(s) and has been reinforced and supported at each stage in the council's governance processes.
- 2.5 It is also worth restating that there is considerable evidence to confirm that where repairs are procured with a lower quality rating (e.g. 30%) the service will not reflect innovation, social value or quality in delivery. The quality of work is likely to suffer as investment in the contract (ICT, training, staff development, up-skilling the workforce, etc.) is minimised to support a price-based solution.

Documentation

- 2.6 A contract notice was published in the Official Journal of the European Union (OJEU) in December 2019 for 'London Borough of Lambeth's Housing Repairs and Maintenance Service'. The competition process was the Competitive Procedure with Negotiation in accordance with Regulation 29 of the Public Contracts Regulations 2015 with a tender return date (post COVID-19 procurement pause) for best and final offers of 10 January 2021.
- 2.7 The documentation included: invitation to tender and response document/instructions, general preliminaries, service specific preliminaries, specification, form of contract, pricing schedule and Key Performance Indicator (KPI) schedule. Further details are provided in the Part II report.

Tender Returns

- 2.8 Tenders were returned in response to the contract notice and in accordance with the chosen procurement route, CPN. Further details of the three-stage process and the tenderers involved at each stage are provided in the Part II report.
- 2.9 The Council invited the shortlisted bidders to submit a Final Tender (ISFT) on 18 December 2020. The Council's Corporate Procurement team ran initial compliance checks on ISFT tender submissions. They were supported by Sharpe Pritchard (Public Procurement and Construction Law specialists), in the evaluation, moderation and in drafting standstill letters for Final Tenders.

2.10 The evaluation outcomes are summarised in Part II, Section 6.

Evaluation - Quality

- 2.11 The continued focus of the procurement exercise has been to secure quality and sustainable services from the market. There are a number of elements embedded in the future delivery model that will determine service quality, including:
 - Service improvement and innovation
 - Managing work in progress (WIP)
 - Efficient mobilisation and transition
 - Clienting: managing the contract
 - Effective delivery of the Price per Property model
 - ICT systems and seamless interfacing
 - Sustainability
 - Social Value:
 - Economic inclusion
 - o Carbon reduction and sustainability
 - Health and wellbeing
- 2.12 The quality evaluation panel was made up of officers involved in the strategic and operational delivery of the service.
- 2.13 In addition, the Residents Procurement Panel (RPP) were part of the evaluation team (with officers) for method statement 10; the set of questions drafted by the RPP.
- 2.14 All evaluators were trained (by Corporate Procurement and Sharpe Pritchard) before evaluation and were required to sign the council's Declaration of Interest. The quality evaluators had no access to commercial / pricing submissions. The focus was entirely on quality.
- 2.15 Each panel member separately and individually evaluated and scored the responses to the method statement questions; and came together to moderate their evaluation / scores and reach a consensus score for each response.
- 2.16 The moderation meetings were facilitated and chaired by Corporate Procurement with support from the council's legal advisers, Sharp Pritchard.

Evaluation - Cost

- 2.17 The Pricing Evaluation Panel was organised to promote an objective and transparent approach. The Panel comprised of representatives from:
 - Corporate Procurement
 - Commercial services
 - JHG (our specialist procurement partner assisting in the 2020 project)
- 2.18 The cost evaluators were satisfied that the costs presented were presented in a compliant manner and contained no errors or outstanding matters that could adversely impact on the cost post award.

- 2.19 To reduce the risk of price fluctuations, a data-driven Price per Property Model and inclusive repairs limit was applied together with a standardised national pricing structure (National Housing Federation Schedule of Rates). This has allowed the identification of any abnormal market variances and for the council to query and challenge accordingly.
- 2.20 The prices for all Lots represent fair market rates.

A detailed breakdown of the tender costs is broken down in Part II of this report.

Experience of the Tenderers

2.21 The experience of the recommended contractors was assessed by the quality evaluation panel and formed part of their overall (quality and cost) score out of a possible 100 summarised in the Part II report.

The recommended providers represent a mix of current and new suppliers and are all experienced in providing quality Housing services.

Contract Management

- 2.22 The council recognises that robust contract management is an essential part of the broader procurement process. Contract and performance management has, therefore, featured heavily in various officer, resident and member workshops and meetings.
- 2.23 This process started in the design stage; all contracts feature a suite of KPIs that incorporate financial remedies if agreed targets are not met. KPIs are contractual obligations which contractors must comply with. The suite of KPIs are included as an Appendix to Part II of this report. The service has been designed to ensure that the council owns all associated data; reporting tools, including Power BI, will only use data on council owned or licensed systems; not contractor systems.
- 2.24 Performance reports will be published monthly and reviewed by the Strategic Director's Management Team. Contract and performance review meetings will be held monthly, quarterly and annually. Meetings will be structured as follows:
 - Monthly Contract and Performance Review Meetings
 - Quarterly Contract Meetings (Strategic Core Group)
 - Annual Performance Review
 - Three Year Review
- 2.25 The annual review(s) will ensure that lessons learnt are applied to future years.
- 2.26 The Default procedure will be operational within 12 weeks of contract commencement and will continue throughout the contract term. Upon issuing a Default Notice, if performance failures are not rectified, the council has various remedies including the right to terminate the contract. This is further supported by a no-fault termination provision that becomes effective from year 4; allowing the council to terminate any of the contracts upon giving 6 months' notice. This is not just intended to deal with performance breaches but also changes in policy; for example, widening the scope of the Direct Labour Organisation (DLO).
- 2.27 Arranging the contract in line with JCT Measured Term Contract (MTC) 2016 Terms and Conditions will involve some refresher training for operational staff who will be administering the contracts. JCT MTC is widely used in the housing sector but it does mark a sea-change

for the council and some of its officers from the recent NEC Terms and Conditions which have been in effect in the current arrangements.

- 2.28 JCT has some common features with NEC3 in terms of performance and payment mechanism processes but the proposed JCT form is considered simpler and, therefore, is more straightforward for the council to administer. The contract will be structured within a hierarchy of management with the impact becoming more significant after each escalation.
- 2.29 The Management Preliminaries sets out a process for joint Annual Review which will include the suitability and effectiveness of the Performance and Payment Mechanisms.

Further details are provided in Part II of this report.

Performance Management

2.30 Level One - Operational Performance Indicators (OPIs).

These are measures which indicate how the contract is performing but that have no financial impact attached to them. They will receive, at least, monthly formal reviews at the contract review meeting. Performance that fails to meet the required standard should be corrected and, if necessary, the council can instigate the Improvement Plan process to correct such performance.

2.31 Level Two - Key Performance Indicators (KPIs)

These are measures that are of greater importance to the customer and so attract a financial consequence of failure (deductions from payment applications). Performance that fails to meet the required standard should be corrected and, if necessary, the council can instigate the Improvement Plan process to correct poor performance. The aggregate monthly financial impact of failure is capped at 10% (Deduction Cap) of the fixed/forecast monthly contract value. If the aggregate financial impact reaches the Deduction Cap within 3 months of a 6-month period, the Service Provider will be deemed to be in Default.

2.32 Level Three - Improvement Plan Process

At the discretion of the council, the Service Provider will prepare an Improvement Plan that sets out how performance will be improved such that OPIs and KPIs will be met. Improvement Plans will detail actions and completion times for agreement with the council.

Failure to meet the agreed completion times of an improvement plan will mean that the Service Provider be deemed to be in Default.

2.34 Default Level Performance

In the event that the Service Provider is in Default for performance, either by failing to deliver an agreed Improvement Plan or by reaching the monthly financial cap of KPI deductions 3 times within a 6-month period, the Default process can be triggered at the discretion of the council.

Performance Monitoring Board

Service managers will be accountable to an independent Performance Monitoring Board. The proposed membership will consist of the Director of Housing Services, Cabinet Members, residents and a cost manager. The Board will be independent of the day to day operational

running of the service. It will meet quarterly to review performance, expenditure, budgets, health and safety, culture, social and environmental commitments and make strategic decisions as necessary.

3. FINANCE

3.1 The current HRA budget for all of the services that will be delivered under the proposed contracts is £31.698m, (split £24.698m revenue and £7m capital). The combined sum of all the tenders is £35.068m, of which £25.410m is revenue and £9.658m capital – as set out in Table 2 below:

Table 2: Revenue and Capital Split

Lot	Area	Service	Recommended Tenderer	Revenue Sum (£'000)	Capital Sum (£'000)	Annual Contract Sum (£'000)
1.	North	Responsive Repairs and Voids	Fortem Solutions Ltd	5,669	2,040	7,709
2.	South	Responsive Repairs and Voids	Wates Property Services Ltd	6,542	1,416	7,958
3.	North	Communal Gas & Water Systems	T Brown Group Ltd	2,204	62	2,266
4.	South	Communal Gas & Water Systems	OCO Ltd	1,823	36	1,859
5.	North	Domestic Gas Works	MPS Housing Ltd	2,223	2,655	4,878
6.	South	Domestic Gas Works	T Brown Group Ltd	2,245	3,378	5,623
7.	North	Electrical Works	NRT Group	1,329	39	1,368
8.	South	Electrical Works	OpenView Security Solutions Ltd	1,945	32	1,977
9.	North	Lift Maintenance	RJ Lift Services Ltd	701		701
10.	South	Lift Maintenance	Amalgamated Lifts Ltd	729		729
1R.	North	Reserve contract for Lot 1.	Breyer Group			
2R.	South	Reserve contract for Lot 2.	Morgan Sindall Property Services Ltd			
			Total	25,410	9,658	35,068

- 3.2 To cover the £3.370m gap between the current budget and the total contract sum, there will be an additional £2.658m per annum capital borrowing requirement and £712,000 revenue funding requirement. The impacts of these increases will be managed across the wider HRA budget within existing resources and reflected in the 30yr HRA Business Plan.
- 3.3 The tender sums are inclusive of continuous innovation, a significantly enhanced ICT infrastructure, cross cutting social value initiatives (health and wellbeing and employment and skills), the London Living Wage, a continuous financial contribution towards the council's Social Value Programme, and a commitment to borough sustainability and its net-zero carbon commitment. A summary of these commitments and initiatives are also included in Part II of this report.

- 3.4 The council has adopted a Price per Property (PPP), Price per Void (PPV) and 5* gas servicing model for the proposed contracts, which includes both revenue and capital items and will commercially incentivise a first time fix ethos, reduce client and contractor administration, increase the capacity to focus on quality and encourage contractors to invest in the council's housing stock. The model will also provide more budget certainty and reduce monthly expenditure variances.
- 3.5 All annual contract sums are subject to annual inflationary adjustments determined by the Consumer Prices Index (CPI) (overall contract sums include an annual adjustment of 1.7% which reflects the average CPI movement over the last 5 years).

4. LEGAL AND DEMOCRACY

Legal Services

- 4.1 The authority to approve the recommendations in this report may be taken either by Cabinet or under delegated authority by the Deputy Leader for Housing and Homelessness in consultation with the Leader.
- 4.2 The proposed contracts for works are subject to the procurement regime of the Public Contracts Regulations ('the Regulations') and as such in the case of contracts worth more than £4,733,252 (including optional extension periods) the council was obliged to publish the contract opportunity in the Official Journal of the European Union and follow one of the approved procurement procedures, one of which is the Competitive Procedure with Negotiation. In the case of contracts under that threshold the council elected to voluntarily use the same procedure.
- 4.3 The Regulations require that contracts shall be awarded on the basis of criteria laid down in accordance with regulations 67 to 69, provided that the contracting authority has verified that the tender complies with the requirements, conditions and criteria set out in the contract notice or the invitation to confirm interest and in the procurement documents, and provided that the tender meets the selection criteria. Under regulation 67 contracting authorities shall base the award of public contracts on the most economically advantageous tender assessed from the point of view of the contracting authority.
- 4.4 Under the Public Services (Social Value) Act 2012, the council must consider before starting the process of procurement, how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and how, in conducting the process of procurement, it might act with a view to securing that improvement. This social value duty is balanced by obligations to ensure fair and open competition as set out in the Public Contracts Regulations which state, inter alia, that award criteria must be 'linked to the subject matter' of the contract in question and must be contract-specific and not aimed at assessing the business or corporate policies of the tenderer. Paragraphs 9.5 9.10 outline how the council has met its social value duty in this procurement.
- 4.5 Regulation 86 of the Regulations requires that the contracting authority send to each candidate and tenderer a notice communicating its decision to award the contract and

providing prescribed information. The contracting authority is then obliged to refrain from entering into the contract until the prescribed standstill period has ended.

- 4.6 Under the Landlord & Tenant Act 1985 the council has consultation duties towards leaseholders of affected dwellings in respect of contracts deemed Qualifying Long Term Agreements (such as the proposed contract awards), and these duties are set out in the Service Charges (Consultation Requirements) (England) Regulations 2003.
- 4.7 Section 149 of the Equality Act 2010 sets out the public sector equality duty, i.e. that all public bodies are under an obligation to have 'due regard' to eliminating unlawful discrimination, advancing equality and fostering good relations in the contexts of age, disability, gender reassignment, pregnancy, and maternity, marriage and civil partnership, race, religion or belief, sex and sexual orientation. The council has considered its duty by undertaking the assessment outlined in Section 7 of this report.

Democratic Services

4.8 This proposed key decision was entered in the Forward Plan on 8 February 2021 and the necessary 28 clear days' notice has been given. The report will be published for five clear days before the decision is considered by Cabinet. Should it be approved and following the publication of the Cabinet minutes, a further period of five clear days, the call-in period, must then elapse before the decision becomes effective. If the decision is called-in during this period, it cannot be enacted until the call-in has been considered and resolved.

5. CONSULTATION AND CO-PRODUCTION

5.1 This procurement process has been developed, from the outset, with residents, members and officers to ensure the newly designed housing contracts have a high degree of coproduction. The tender documentation and contracts have been designed to respond to the recommendations of a repairs Task and Finish Group and priorities that came out of workshops with the Council's Resident Procurement Panel (a resident-based advisory and consultative panel set up to assist the Council design, procure and manage the suite of new housing repair and maintenance contracts and direct delivery arrangements).

The involvement of the RPP will continue post contract award; the RPP will play a key role in the future monitoring and review of the service.

6. RISK MANAGEMENT

6.1 The main risks that might impact on the successful delivery of this procurement and the delivery contracts are set out below:

Table 3 - Risk Register

Item	Risk	Likeli- hood	Impact	Score	Control Measures
1.	COVID-19 restrictions and social distancing requirements	4	2	8	COVID-19 secure processes and procedures already operational.

					Contractors will adapt working methods to reflect the COVID-19 related requirements to allow service continuation. Good practice solutions / lessons learned will be shared by contractors and from the council's management team(s).
2.	Timescale – no scope to extend interim contracts beyond 12 months	3	4	12	Project plan developed and project team in place to manage critical activities
3.	(De) mobilisation	2	4	8	Dedicated demobilisation / mobilisation team in place and meeting weekly (strategic and operational). Support from JHG. Critical milestones managed against comprehensive project plan / risk register.
4.	TUPE - outgoing contractors fail to present accurate and timely TUPE information to incoming contractors and wait until the statutory 28 day timeframe	2	4	8	Dedicated council resource to support all contractors with the transfer process.
5.	Contract and performance management	2	4	8	Contract and performance management framework and hierarchy embedded in contract documents. Contract management training plan - internal and / or external delivery as required.
6.	Governance	2	2	4	Independent governing board will meet quarterly to review performance, expenditure, and make strategic decisions to support its sustainability and financial viability.
7.	Affordability	2	2	4	Tender contract sums have been independently scrutinised and collectively fall within budget allocations.
8.	Financial viability	2	4	8	A Cost Manager from the council's Commercial Services Team will be undertaking forensic assessment work and routinely auditing cost and value. Identify training and development needs re PPP / PPV model; develop bespoke training plan as required.
9.	Systems interface(s) - ICT solutions not in place to enable the new operating model	2	4	8	Core solutions developed and deployed before g-live. Lessons learnt, detailed specifications etc. being completed. Dedicated resource responsible for ICT programmes that will facilitate effective mobilisation. ICT requirements and expectations made very clear during bid process and negotiation.

					Early engagement with contractors during 'soft mobilisation'.
10.	Leaseholder / S20 consultation	2	2	4	Dedicated internal resource (service charge expert) in place to effectively manage process
11.	Social value	2	3	6	Bidders have made commitments to deliver within their commercial envelope. Dedicated council resource to measure cross-contract impact against Borough targets.
12.	Final account, compliance and financial standing	2	2	4	Dedicated internal and external resources in place to ensure effective financial de mobilisation of incumbent contractors
13.	Service continuity	2	2	4	Successful tenderer(s) to provide a business continuity plan for review and implementation.
14.	Local recruitment – contractors unable to fill vacancies	2	2	4	HR will work with contractors to utilise all routes for local recruitment (and advertisement) as soon as preferred bidder status confirmed. Lessons learned approach from DLO recruitment programme.
15.	Work in Progress (WIP) - significantly increases across work streams and becomes a significant challenge on incoming contractors.	2	2	4	Weekly WIP workshops to actively monitor WIP; early identification of key issues and solutions.
16.	Communications – lack of buy-in from other service areas	2	2	4	Established interfaces across breadth and depth of council.
17.	Increase in Member enquiries linked to demobilisation	2	2	4	Appropriate internal resource identified to manage associated Member enquiries. Monthly attendance at mobilisation meetings to share learning.
18.	GDPR	2	4	8	GDPR control and processing requirements are expressly included within the proposed contractual documentation; and forms part of the ICT project mobilisation plan that will be tested before going live.
19.	Contractor resilience and compliance	2	4	8	Due diligence has been carried out on the recommended provider(s) including insurances, turnover, Dun & Bradstreet credit and resilience analysis; and other contractual policy requirements such as Health & Safety and Safeguarding (evaluated within the tender submissions).

20	Union recognition	2	2	4	The contracts obligate contractors to commit to and demonstrate that their employees are free to join a trade union and are not unfairly treated for belonging to one.
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Key

Likelihood	Very Likely	2	Likely	3	Unlikely	2	Very Unlikely	1
Impact	Major	8	Serious	4	Significant	2	Minor	1

Business Continuity Plan – post Brexit

- 6.2 Potential risks exist for the council in procuring such high value contracts when there is still so much uncertainty about the ongoing impact of Britain's exit from the EU. This service has some reliance on EU relationship and so, possible identified risks are as follows:
 - Sourcing and transporting materials may lead to tariff issues and border delays
 - Increased cost of supplies
 - ICT/ data held in the EU/ issues relating to GDPR
 - Financial issues due to currency fluctuations

Weighted responses on continued service planning, contingency and associated risk mitigation were submitted as part of bidders' method statements. Council will further engage with the successful contractors during mobilisation on impact of Brexit.

7. EQUALITIES IMPACT ASSESSMENT

- 7.1 The equality impact assessment (EIA) has been assessed and cleared by the Member-led Corporate EIA Panel. The EIA not only mitigates negative equality issues, but demonstrates that the new contracts will make tangible improvements to social equality in the borough.
- 7.2 The EIA (appended) was prepared following consultation with residents and officers and has been signed off by the Strategic Director. Importantly, this procurement process has not sought to just prevent adverse impact but rather it is seen as a vehicle to positively improve equality within the borough; with enhanced traction provided by a 1% contribution towards the council's social value programme.
- 7.3 Lambeth has a unique positioning in London as one of the largest and most diverse boroughs, where around 150 different languages are spoken; this creates an opportunity for the 2020 project to ensure that it is able to serve the needs of the community both now and beyond.
- 7.4 Equalities considerations have consistently informed the tender and contract documents; bidders have been required to demonstrate how they will address these considerations as part of their quality submissions; moreover they have been further required to evidence how their commitments will be applied operationally during the contract period; and within their commercial envelope. The council's requirements and the commensurate commitments from bidders will become contractual.
- 7.5 The negotiation phase afforded the council with the opportunity to further ensure that all bidders understand that they will be required to contribute positively to the borough; and that

the delivery of works and services is always a positive experience for all residents. The new contracts will embody an ethos of social value; in terms of job, standards, training, and apprenticeship opportunities for local residents, wages, homes and positive health outcomes.

- 7.6 Equalities matters will be prioritised as part of the regular monthly contract and performance review meetings and, as a minimum, will cover diversity/equality, social value, safeguarding and alerts and complaints.
- 7.7 Matters relating to safeguarding will be reinforced through these contracts in a number of key ways:
 - data alerts responsible sharing of 'sensitive' intelligence
 - operatives will notify the Authorising Officer or Deputy when matters relating to safeguarding, fire risk and or vulnerability are identified
 - all operatives will have necessary security clearance and Disclosure Barring Service
 (DBS) approval to ensure the safety of residents and the wider community

8. COMMUNITY SAFETY

8.1 The contracts have been designed to ensure that successful bidders work closely with the Council's neighbourhood housing teams in developing and delivering their Estate Action Plans; including proposals to mitigate crime and disorder on estates (including anti-social behaviour) and associated work to improve safety within neighbourhoods. Indeed, bidders were required to demonstrate their approach to crime and the prevention of crime as part of their quality submission.

9. ORGANISATIONAL IMPLICATIONS

Environmental

9.1 The procurement process was designed to ensure that environmental improvements (including carbon footprint reduction and improved air quality) were incorporated into the evaluated bidder method statements and formed an objective weighted part of the final selection process. Moreover, the contract requires that environmental improvement, sustainability and carbon reduction commitments are deliverable within the contractors' commercial envelopes. These commitments are summarised in Part II of this report.

Health

9.2 Health and wellbeing has also formed an integral part of the tender procedure and the process has ensured that this featured within the contractor method statements; again to objectively influence the final contractor section process. In addition to the tender procedures, the contracts have been designed to ensure a focus on community and care: maintaining and improving estates and neighbourhoods; and providing support to disabled, vulnerable and older adults in maintaining their independence and remaining in their homes. Given the link between and housing and health and wellbeing, the new contracts will make a positive impact within the borough.

Corporate Parenting

9.3 The proposed contracts will help the council maintain its corporate parenting responsibilities by making apprenticeship, training and work placement opportunities more accessible to care leavers - and provide care leavers with additional support during the application process. Additionally, a number of social value commitments made by the tenderers include mental health and wellbeing initiatives; and dedicated partnership placements with organisations/schemes committed to providing the best outcomes for young people – including the Young Women's Trust and the Kickstart scheme.

Staffing and Accommodation

9.4 TUPE applies to the proposed contracts and whilst this is contractor to contractor, a dedicated resource has been put in place to support the process as necessary.

Responsible Procurement

9.5 The council's responsible procurement policy and associated requirements has been embedded into the tender and contract design process; it also attracted a significant weighting as part of the evaluated method statements across all Lots. Moreover, the process supports an arrangement whereby tenderers are encouraged to offer a corporate contribution; equivalent to 1% of the contract turnover towards the council's Social Value Programme. This will be used to fund social and environmental initiatives and improve equality within Lambeth. The contribution will be ring-fenced from the tenderers' internal corporate social responsibility commitments.

Good Quality Jobs with Fair Pay and Decent Working Conditions

9.6 The contract documentation has been developed to obligate the successful tenderers to provide local employment and training opportunities; and requires them pay LLW at both employee and subcontractor level - improving pay equality for employees delivering essential council services. Contractors have committed to ring-fence employment and training opportunities – including apprenticeships – locally and for Lambeth's priority groups; and to partner with the council's employment and skills teams to ensure recruitment campaigns reach the intended audience and include appropriate support through the application and interview process. The council's Modern Slavery Act (2015) conditions are also incorporated into the conditions of contract, as will compliance with the Equality Act and an unfettered employee right to join a trade union and not be treated unfairly for belonging to one.

Reduce Emissions: Lambeth Council has a commitment to being Zero Carbon by 2030

9.7 Carbon neutrality – particularly emission reductions – has again been designed into the evaluated method statement requirement. Tenderers are required to evidence how their approach to fleet management will reduce emissions, demonstrate a general promotion of green energy and achieve the FORS silver accreditation.

Single Use Plastics

9.8 In Addition to being an evaluated method statement requirement/question, the contracts will ensure compliance with ISO14001:2015 – the British Standard for environmental management systems, including waste management and the reduction on the use of landfill.

Positive Health and Wellbeing

9.9 The contracts require contractors to sign up both to the London Healthy Workplace Charter (or equivalent), and to the Time for Change Employers Pledge and Suicide Prevention Strategies. Contractors must also demonstrate how they will meet, as a minimum, the 'Achievement' standard set out in the Mayor of London's 'London Healthy Workforce Award.'

Innovation

9.10 Resident Services recognises that it needs to innovate in order to achieve its ambitions around sustainable economic growth and resilient committees. Bidders have responded well to this challenge and designed a number of innovative solutions that will positively impact on communities, estates and homes. These include, social value solutions, holistic repair solutions and data integration that will respond to resident priorities and a commitment to help vulnerable residents stay in their homes.

10. TIMETABLE FOR IMPLEMENTATION

10.1 The table below details the stages and deadlines for implementing the recommended contracts:

10.2

Activity	Proposed Date
Forward Plan entry	08 February 2021
Management Board	17 February 2021
Procurement Board	23 February 2021
Cabinet	15 March 2021
End of Standstill / Call-in Period	26 March 2021
Execution of Contract	30 April 2021
End of Mobilisation Period for Contract	03 June 2021
Commencement of Services	04 June 2021

AUDIT TRAIL								
Consultation	Consultation							
Name and Position/Title	Lambeth Directorate	Date Sent	Date Received	Comments in paragraph:				
Councillor Jennifer Brathwaite	Deputy Leader (Housing and Homelessness)	15.02.21	22.02.21	All				
Bayo Dosunmu, Strategic Director	Resident Services	15.02.21	17.02.21	All				
Neil Euesden, Director of Housing	Resident Services	15.02.21	17.02.21	All				
Andrew Ramsden, Assistant Director, Finance	Finance and Property	15.02.21	04.03.21	3				

Shankar Siva Ananthan, Group Finance Manager (Housing Services)	Finance and Property	15.02.21	15.02.21	3
Rachel Willsher, Head of Procurement	Finance and Property	15.02.21	26.02.21	All
Michael Lemmens, Category Procurement Manager	Finance and Property	15.02.21	16.02.21	All
David Thomas, Legal	Legal and Governance	15.02.21	19.02.21	4
Maria Burton, Democratic Services	Legal and Governance	15.02.21	18.02.21	4.5

REPORT HISTORY				
Original discussion with Cabinet Member	22.02.21			
Report deadline	03.03.21			
Date final report sent	03.03.21			
Part II Exempt from Disclosure/confidential accompanying report?	Yes			
Key decision report	Yes			
Date first appeared on forward plan	08.02.21			
Key decision reasons	Expenditure, income or savings in excess of £500,000.			
Background information	None			
Appendices	Appendix A: Equality Impact Assessment Appendix B: Open Tender Report Appendix C: Part II Exempt Tender Report			



CABINET 15 MARCH 2021

Report title: Housing Repair and Maintenance Contracts 2021

Wards: All

Portfolio: Councillor Jennifer Brathwaite: Deputy Leader of the Council (Housing and

Homelessness)

Report Authorised by: Bayo Dosunmu: Strategic Director for Resident Services

Contact for enquiries: Neil Euesden, Director of Housing Services, 020 7926 9082,

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APPENDIX B

Open Tender and Affordability Report

Housing Repairs and Maintenance Contracts 2021

March 2021



Contents

CA	BINET		1
1.	Executive	Summary	3
2.	2.2 Backg	uction to report	6 6 6 7
3.	Qualitative	Evaluation	12
4.	Price Evalu	uation	15
5.	Tender Co	20	
6.	6.2 Invitati 6.3 Negoti	s Day, OJEU Notice and Selection Questionnaire (SQ) ion to Submit Initial Tenders	21 21 23 26 28
7.	7.2 Scores	Criteria S	30 30 31
8.	Social Valu	ue	33
9.	Affordabilit	у	36
App	endix 1.1	Evaluation Criteria	37
App	endix 1.2	Social Value Template	85
Apr	endix 1.3	KPI Schedule	86

1. Executive Summary

- 1.1 A contract notice was published in the Official Journal of the European Union (OJEU) in December 2019 for 'London Borough of Lambeth's Housing Repairs and Maintenance Service'. The competition process was the Competitive Procedure with Negotiation in accordance with Regulation 29 of the Public Contracts Regulations 2015, and the Contract was divided into ten (10) Lots as follows:
 - Lot 1 Repairs and Voids geographical area North;
 - Lot 2 Repairs and Voids geographical area South;
 - Lot 3 Communal Gas and Water Systems area North;
 - Lot 4 Communal Gas and Water Systems area South;
 - Lot 5 Domestic Gas Works geographical area North;
 - Lot 6 Domestic Gas Works geographical area South;
 - Lot 7 Electrical Works geographical area North;
 - Lot 8 Electrical Works geographical area South;
 - Lot 9 Lifts geographical area North; and
 - Lot 10 Lifts geographical area South.
- 1.2 Evaluation of SQ submissions provided in response to the contract notice resulted in the following Applicants being Invited to Submit an Initial tenders for each Lot.
 - Table redacted this information is included in full in the exempt Part II Report.
- 1.3 Of the original 31 Bidders, 6 did not submit tenders. The 25 Bidders who did submit Initial Tenders were:
 - Table redacted this information is included in full in the exempt Part II Report.

- 1.4 The Volume 1 Invitation to Submit Initial Tender (ISIT) document details the number of Bidders following the ISIT quality and price evaluation that would be taken forward to the negotiation and Invitation to Submit Final Tenders (ISFT) stages.
- 1.5 The evaluation criteria described in the Volume 1 ISIT was implemented to generate weighted scores for each tender received. Therefore the following Bidders were excluded at ISIT stage:

Table redacted - this information is included in full in the exempt Part II Report.

1.6 As a result, the following Bidders were therefore invited to Negotiate across all Lots:

Table redacted - this information is included in full in the exempt Part II Report.

1.7 Following the negotiation stage, the same Bidders at 1.6 were given the opportunity to submit Final Tenders through the ISFT stage.

Table redacted - this information is included in full in the exempt Part II Report.

1.8 The same evaluation criteria described in the Volume 1 ISIT was implemented in the ISFT stage to generate weighted scores for each tender received. The results of the ISFT evaluation are as follows:

Tables redacted - this information is included in full in the exempt Part II Report.

- 1.9 The Volume1 ISFT stated that in respect of Lots 1 and 2 (Repairs & Voids North and South areas) only, the Council reserved the right to appoint reserve Contractors for each of these Lots.
- 1.10 The Volume 1 ISFT stated that the Council would add each Bidder's weighted price score to the weighted quality score which shall be the total bid score for that Bidder for that Lot (the "Total Bid Score"). The Council ranked all of the Total Bid Scores, highest score first. The Council shall award the Contract to the Bidder with the highest Total Bid Score.

- 1.11 After calculation of the weighted Total Bid Scores as noted above, the results indicate that:
 - Fortem have the highest overall scores for Lots 1 and 2
 - T Brown have the highest overall scores for Lots 3 and 4
 - MPS have the highest overall scores for Lots 5 and 6
 - NRT have the highest overall scores for Lots 7 and 8
 - RJ Lifts have the highest overall scores for Lots 9 and 10
- 1.12 After applying the rules for awarding Contracts at Part 1 and the Lot Award Strategy a section 33 of the Volume 1 ISIT, It is therefore recommended by the evaluation panel that:
 - Fortem are awarded the Contract for Lot 1 Repairs and Voids geographical area North;
 - Wates are awarded the Contract for Lot 2 Repairs and Voids geographical area South;
 - **T Brown** are awarded the Contract for Lot 3 Communal Gas and Water Systems area North;
 - **OCO** are awarded the Contract for Lot 4 Communal Gas and Water Systems area South;
 - **MPS** are awarded the Contract for Lot 5 Domestic Gas Works geographical area North;
 - **T Brown** are awarded the Contract for Lot 6 Domestic Gas Works geographical area South;
 - NRT are awarded the Contract for Lot 7 Electrical Works geographical area North;
 - Open View are awarded the Contract for Lot 8 Electrical Works geographical area South;
 - RJ Lifts are awarded the Contract for Lot 9 Lifts geographical area North; and
 - Amalgamated are awarded the Contract for Lot 10 Lifts geographical area South.
 - Breyer are awarded the reserve Contract for Lot 1 Repairs and Voids geographical area North;
 - Morgan Sindall are awarded the reserve Contract for Lot 2 Repairs and Voids geographical area South;

2. Introduction

2.1 Introduction to report

- 2.1.1 This report sets out the tender evaluation and process for the 'London Borough of Lambeth Housing Repairs and Maintenance Service' procurement, which consists of 10 Lots:
 - Lot 1 Repairs and Voids geographical area North;
 - Lot 2 Repairs and Voids geographical area South;
 - Lot 3 Communal Gas and Water Systems area North;
 - Lot 4 Communal Gas and Water Systems area South;
 - Lot 5 Domestic Gas Works geographical area North;
 - Lot 6 Domestic Gas Works geographical area South;
 - Lot 7 Electrical Works geographical area North;
 - Lot 8 Electrical Works geographical area South;
 - Lot 9 Lifts geographical area North; and
 - Lot 10 Lifts geographical area South.
- 2.1.2 The report describes the tender process from issue of the contract notice through to Invitation to Submit Final Tenders (ISFT) in a chronological process, and also provides a recommendation for the appointment of Contractors to provide the works and services.
- 2.1.3 In addition there is a further section covering 'Affordability' that the Council need to consider prior to entering into Contracts with the recommended Contractors.

2.2 Background

- 2.2.1 The Council carries out some 60,000 repairs annually and undertakes works to approximately 500 voids. Technical services also form part of this procurement exercise. The Council are moving to a model that incentives the ethos of quality and first time fix across all service areas.
- 2.2.2 Following a recent reorganisation, the Borough has been split into North and South for the management of its housing services. This split forms the basis for the delivery of repairs and technical services.
- 2.2.3 The Council is seeking, in its future repairs solution, the most efficient service; it must be both cost effective and financially viable. It wants to maximise the use of digital technology; moreover, the service should embody the Council's social value principles and commitments on climate change.
- 2.2.4 In response various current specialist Contracts were disaggregated, while still organising delivery on a North/South basis. This should mean more Contractors and greater transparency around cost and performance; in theory, there will be less sub-Contracting and the main Contractors will not be able to charge margin on margin.

- 2.2.5 The Council is committed to modernising services and to innovating in the way they are delivered. Its residents are an important part of the process and delivering the best possible customer journey is seen as a core priority.
- 2.2.6 Residents have been closely involved in developing the Council's approach to repairs and this will continue through the evaluation process and into the future monitoring of the service.
- 2.2.7 The safety and quality of housing stock is a key issue for the Council and residents alike. The Council have already allocated funding to improve fire safety; further investment strategies will help to ensure that our asset is robust and future proof.
- 2.2.8 As procurement processes in this sector are rigidly regulated by legislation and case law (European and UK), the procedures adopted have been referred for legal advice at every stage and clarity and transparency of the evaluation process has been paramount.

2.3 Procurement Approach

- 2.3.1 On 6th December 2019 the London Borough of Lambeth published an OJEU Contract notice inviting expressions of interest in relation to 'Housing Repairs and Maintenance Works and Services' for the Council.
- 2.3.2 As set out in the OJEU contract notice, Applicants were entitled to express interest in bidding for more than one Lot and, if invited to submit an Initial Tender could bid for any number or combination of Lots for which they had been shortlisted. However, to ensure a suitable split of the work and to ensure the Council is not overly reliant on one Contractor, the Council stated it intended (subject to there being sufficient Bidders for each Lot):
 - 2.3.2.1 not to award Contracts to any one Bidder for more than two Lots;
 - 2.3.2.2 not to award a Contract to any one Bidder for more than one geographical Lot in respect of the same Works discipline i.e. no Bidder will be awarded both Lots 1 and 2, both Lots 3 and 4, both Lots 5 and 6, both Lots 7 and 8 or both Lots 9 and 10. This is to ensure that no single Contractor will be supplying both the North and the South areas of the borough in any one Works discipline.
- 2.3.3 Following evaluation of the Final Tenders the Council stated it will award the Contracts for each Lot in accordance with the following principles:
 - 2.3.3.1 All Tenders for each Lot will be ranked in order, highest scoring first.
 - 2.3.3.2 Without prejudice to the rules about award of reserve Contracts, all awards are subject to the overriding principles that:
 - 2.3.3.2.1 no Bidder may be awarded more than two main Contracts;

- 2.3.3.2.2 no Bidder may be awarded main Contracts for two geographical Lots (i.e. North and South area) for the same Works discipline.
- 2.3.4 The restriction on the maximum number of awards that will be made to a single Bidder will be applied at parent company level. For example, in the event of there being two separate Bidders that are in fact part of the same group of companies/share a common parent, the maximum number of awards available to both Bidders combined remains limited to two in total (+ I reserve).
- 2.3.5 The Council will award Contracts for Lots in the following numerical order:
 - 1. Lot 1
 - 2. Lot 2
 - 3. Lot 5
 - 4. Lot 6
 - 5. Lot 3
 - 6. Lot 4
 - 7. Lot 7
 - 8. Lot 8
 - 9. Lot 9
 - 10. Lot 10
 - 11. Lot 1 (reserve)
 - 12. Lot 2 (reserve)
- 2.3.6 Where the highest scoring Bidder for a Lot has already been awarded two Contracts or the other geographic Lot in the same works discipline, the next highest scoring Bidder will be awarded that Lot. Should the second highest scoring Bidder also be excluded due to the rules at 2.3.3.2.1 and 2.3.3.2.2 the next highest bidder will be considered and so on.
- 2.3.7 Exceptionally, in the event that the application of the rules set out results in there being insufficient eligible Bidders to whom Contracts can be awarded for each and every Lot and subject to the Regulations, the Council reserves the right (but only to the minimum extent necessary) to award more than 2 main Contracts (and/or more than 1 Reserve Contract if applicable) to the same Bidder.
- 2.3.8 The Contracts will all be non-exclusive and the Council may appoint alternative providers to carry out any of the works covered by a Contract or carry out the works themselves. In addition, in respect of Lots 1 and 2 (Repairs & Voids North and South areas) only, the Council also reserves the right to appoint reserve Contractors for each of these Lots. If the Council exercises that right, the appointment of reserve Contractors would be subject to the following:
 - 2.3.8.1 The Bidder that is awarded the main Contract for Lot 1 cannot be the reserve Contractor for Lot 2 and vice versa.
 - 2.3.8.2 Award of reserve Contractor status would not prevent a Bidder being awarded up to 2 main Contract awards.

- 2.3.8.3 For the avoidance of doubt, a Bidder can only become a reserve Contractor for a Lot if it has submitted a bid for that Lot.
- 2.3.8.4 Any reserve Contractor may, at the Council's discretion, be required to undertake individual pieces of work from time to time which would ordinarily be carried out by the main Contractor for that Lot.
- 2.3.8.5 If the Contract with the main Contractor for a Lot is terminated, the reserve Contractor for that Lot will be appointed as the main Contractor.

Form of Contract

- 2.3.9 The term of the Contracts are expected to be six (6) years, with the option at the Council's discretion, to extend by two periods of four (4) years up to a total aggregate extension period of eight (8) years. The maximum term of each Contract is therefore fourteen (14) years.
- 2.3.10 There are three standard forms of construction Contracts generally used for housing term maintenance services:
 - New Engineering Contract (NEC) Term Service Contract;
 - The Joint Contracts Tribunal (JCT) Measured Term Contract; and
 - The Association of Consulting Architects (ACA) Term Partnering Contract.
- 2.3.11 The current LPCs and LHS Contracts use the NEC3 standard form of construction Contract albeit heavily amended.
- 2.3.12 The NEC form of Contract is very complex and considered to be too administratively burdensome (for both parties client and Contractor) and poses a big risk in that there are a lot of pre-conditions and time-bars which would prevent the Council from seeking important remedies if a notice wasn't serviced correctly or on time. In this regard the JCT is more forgiving and administratively more straightforward and less likely to preclude the recovery of damages by virtue of a wrongly timed notice.
- 2.3.13 The ACA Term Partnering Contract, whilst less complex than the NEC Term Service Contract, many of its provisions will require extensive elaboration to achieve a sufficiently certain and defined Contractual mechanism for delivering the services in question.
- 2.3.14 The Design Steering Group has reviewed the suitability of the three standard forms and therefore identified the JCT Measured Term Contract as the best fit both in terms of satisfying the Contracting requirements of the services, and the ease with which they can be understood and administered by the parties.
- 2.3.15 The JCT Measured Term Contract is a flexible term agreement that has been specifically designed for clients who have a regular flow of maintenance as is the case with this procurement. It will require the least amendments and bespoke drafting, sets out collaborative working requirements as an enforceable condition, embeds a KPI structure, no-fault termination provisions and anticipates the use of pricing structures proposed under this procurement. It is for these reasons that the JCT Measured Term Contract has been selected for this procurement.

- 2.3.16 The Design Steering Group also agreed to keep as close to the standard form as possible to ensure it can be operated as intended, and Contractors can competitively price a familiar Contract form. It will however still be amended to incorporate the council's standard terms and conditions, where not already covered all amendments have been drafted by experienced construction and procurement lawyers Sharpe Pritchard, to ensure they are operationally sound and protect the councils interest/position in the event of dispute.
- 2.3.17 The form of Contract used in the procurement across all Lots was therefore the Joint Contracts Tribunal (JCT) Measured Term Contract 2016 with amendments, as set out in Volume 3. Bidders were provided with:
 - 2.3.17.1 A draft Contract for the main Contractors for Lots 1 and 2;
 - 2.3.17.2 a draft Contract for the reserve Contractors for Lots 1 and 2; and
 - 2.3.17.3 a draft Contract for the Contractors for Lots 3 to 10.
- 2.3.18 The successful Contractor in each Lot will be required to execute a formal Contract with the Council in the applicable form set out in Volume 3.
- 2.3.19 The Contracts provide that at any time after the 4th anniversary of the commencement date of the Contract Period, the Council shall be entitled to terminate the Contractor's employment in whole or in part for convenience on the giving of not less than 6 months' written notice. For the avoidance of doubt, such notice may expire at any time not less than 6 months after the 4th anniversary of the commencement date of the Contract Period. Upon exercising its right to terminate, the Council shall have the right at its sole discretion to deliver the works or services itself or appoint a third party to perform the works or services.

Key Performance Indicators, Operational Performance Indicators and Performance Failures

- 2.3.20 Resident Services recognises that robust Contract management is an essential part of the broader procurement process. Contract and performance management has therefore featured heavily in various officer, resident and member workshops and meetings.
- 2.3.21 All Contracts feature a suite of Key Performance Indicators (KPIs) and Operational Performance Indicators (OPIs) that were set out in the Appendix to Schedule 2 of the Contract and are to be reported on monthly. These reports will be published monthly and reviewed by the Strategic Director's Management Team. Some KPIs will incur a Deduction if there is a failure to meet them, Deductions are set out further in section 4 of the Contract, and at 2.3.25 below. The KPI schedule is set out at Appendix 1.3 to this report.
- 2.3.22 The Contract states that a Performance Failure will (without limitation to the definition of that term given in the Contract) be deemed to have occurred where the Contractor fails to meet the requirements of any of the KPIs or OPIs. Failure to comply with the KPIs or OPIs may result in the suspension or termination of all or part of the works or services in accordance with clause 8.4 and clause 8.4A of the Contract (as may any other type of Performance Failure) as more particularly detailed in Schedule 2 of the Contract.

- 2.3.23 The Contract outlines that performance against the KPIs and OPIs will be monitored continuously by the Council in accordance with the General Preliminaries and Service Specific Preliminaries (Schedule 1).
- 2.3.24 Without prejudice to its other obligations, the Contractor shall comply with:
 - 2.3.24.1 the annual reporting and review requirements as set out in the General Preliminaries (Schedule 1); and
 - 2.3.24.2 the monthly and quarterly reporting and review requirements as set out in the General Preliminaries (Schedule 1).
- 2.3.25 The Contractor and the Council shall monitor and maintain records of performance against the KPIs and OPIs. The Council also reserves the right to undertake independent monitoring of the Contractor's performance against the KPIs and OPIs at any time and at a frequency that it shall determine.
- 2.3.26 Apart from the first 12 weeks from the Works Commencement Date, Deductions shall be applied in relation to failure to meet a KPI in accordance with the table set out in the Appendix to the Schedule 2 of the Contract. The Deductions shall be made to the next or any subsequent payment or progress payment due to the Contractor under the terms of the Contract.
- 2.3.27 Total Deductions shall be capped each month ("the Deduction Cap") at 10% of one twelfth of the Notional Annual Tender Total. If Deductions go above this level the Council shall be entitled to follow the Improvement Plan and Remedy Notice and Default Notice processes set out in paragraphs 5 and 6 of the Schedule 2 of the Contract.
- 2.3.28 Without prejudice to any non-financial remedy available to the Council, the Deductions calculated and referenced above shall be the Council's sole financial remedy in respect of a Performance Failure relating to a KPI. Notwithstanding the above, where as a result of any such Performance Failure the Contractor is instructed to do work again and fails to do so, the cost to the Council of having the work performed by others shall be recoverable from the Contractor.

3. Qualitative Evaluation

- 3.1 The evaluation model set the qualitative portion of the procurement weighted a 60%, in accordance with the evaluation criteria as set out at Appendix 1.1 to this report and in the Lot specific appendices of the Volume 1 ISIT.
- The qualitative evaluation was based upon a series of method statements set by the Council, and set out in Appendix 3 of the Volume 4 Response Documents, as part of the tender pack that was published on the EU Supply Portal. This provided Bidders the opportunity to explain their approach and provide details of how they will operate with the Council and other Stakeholders to maximize value. Bidders were advised that the successful Bidder's method statement will be incorporated into the Contract and will become Contractually binding on both parties.
- 3.3 The evaluation team scored in accordance with the general principles and descriptions shown in the scoring scale below, these were set out in Part 5 Evaluation Model, of the Volume 1 ISIT and ISFT. Each response, excluding price, was marked out of a total possible score of 5.

Score	Rating	Description
0	No response (complete noncompliance)	No response at all or insufficient information provided in the response such that the solution is not capable of assessment and/or is incomprehensible.
1	Unacceptable (potential for some compliance but very major areas of weakness)	Substantially unacceptable submission which fails in several significant areas to set out a solution that addresses and meets the requirements: little or no detail (and, where evidence is required or necessary, no evidence) has been provided to support and demonstrate that the Bidder will be able to provide the Works and/or fundamental reservations as to the deliverability of the Bidder's proposals. Would represent a very high risk solution for the Contracting authority

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2	Poor (some compliance with one or more areas of major weakness)	Weak submission which does not set out a solution that largely addresses and meets the requirements: response is basic/ minimal with insufficient detail (and, where evidence is required or necessary, with insufficient evidence) provided to support the solution and demonstrate that the Bidder will be able to provide the Works and/or some major reservations as to the deliverability of the Bidder's solution. Would represent a high risk solution for the Contracting authority.
3	Acceptable (substantial compliance with no major concerns)	Submission sets out a solution that largely addresses and meets the requirements, with some detail (or, where evidence is required or necessary, some relevant evidence) provided to support the solution; minor reservations or weakness in a few areas as to the deliverability of the solution. Medium, acceptable risk solution to the Contracting authority.
4	Good (fully compliant with requirements).	Submission sets out a robust solution that fully addresses and meets the requirements, with full details (and, where evidence is required or necessary, full and relevant evidence) provided to support the solution; no reservations and provides full confidence as to the deliverability of the solution. Low/No risk solution for the Contracting authority.
5	Excellent (fully compliant, with some areas offering added value)	Submission sets out a robust solution (as for a 4 score – above) and, in addition, provides or proposes additional value in substance and outcomes in a manner acceptable to the Contracting authority; no reservations and provides full confidence as to the deliverability of the solution, but also offering added value. Low/No risk solution for the Contracting authority

In accordance with the published Lot specific evaluation criteria, set out in the Lot specific appendices of the Volume 1 ISIT and ISFT.

The quality evaluation awarded scores at Tier 2 or as applicable Tier 3 (whichever is the lower level) by assessing each of the Bidders' method statements using the published scoring scale at 3.3. above. In order to calculate the total weighted score for quality the Council:

- 3.4.1 multiplied the consensus score by the applicable weighting (tier 3);
- 3.4.2 added together all the Tier 3 weighted scores and multiplied by the relevant tier 2 weighting; and
- 3.4.3 added together the Tier 2 weighted scores and multiplied by the Tier 1 weighting.
- 3.5 The scores for each method statement were weighted using the evaluation criteria set out originally in the Volume 1 ISIT and subsequently in the ISFT, as set out at Appendix 1.1. of this report.
- 3.6 Evaluation panels were established to score different elements of Bidder's Method Statements. Evaluation panels typically comprised of a variety of Council Officers. The Lambeth Residents Procurement Panel (RPP), were also involved in the evaluation process, and were part of the evaluation team for method statement 10 the set of questions that were drafted alongside the RPP along with Council Officers.
- 3.7 Training was provided to evaluators, both Council Officers and any RPP evaluators, at each stage of the process, explaining what was required and informing them of any necessary regulation and process information, to enable them to score submissions.
- The process was strictly managed by the Corporate Procurement team; evaluation of the selection questionnaire took place in January 2020 and the ISIT evaluation took place in March 2020. The ISFT evaluation then took place in January 2021, after a pause due to COVID 19 (please see the 'Tender Process' section for more details).

4. Price Evaluation

- 4.1 The evaluation model set the price element of the procurement weighted a 40%, in accordance with the evaluation criteria as set out at Appendix 1.1 to this report and the Lot specific appendices of the Volume 1 ISIT.
- 4.2 Commercial models were chosen for this procurement, though data analysis, service feedback and consultation with Council Officers.

Lots 1 and 2 - Repairs and Voids

- 4.3 With regard to Lots 1 and 2 Repairs and Voids, the Council decided to adopt a Price Per Property (PPP) / Price Per Void (PPV) model on the basis that it will incentivise a first time fix ethos, reduce client and Contractor administration, increase the capacity to focus on quality and encourage Contractors to invest in the asset.
- 4.4 Housing repair Contracts typically manage high volumes of low value repairs. The internals of a domestic property are relatively simple in nature and limited to a few well understood components, i.e. normally, there is only a certain number of things that can go wrong. This makes it relatively straightforward to predict or estimate how much repairs will cost for an average house. This predictability becomes easier the more properties that are included; the average price is more likely. Therefore, suppliers are confident of offering a repairs service at a fixed price, referred to as a Price per Property (PPP).
- 4.5 There is risk if higher value works are included. These can have a disproportionate effect on costs and therefore are normally better managed outside the fixed price. This risk was limited by asking Contractors to price for all repairs under a certain value (and cap their risk) as well as exclude some types of work such as wholesale replacement of kitchens.
- 4.6 The value to limit the repair work at is known as the Inclusive Repair Limit (IRL). Any repairs costs above the IRL are funded by the Council at pre-agreed and tendered rates. The Council are using a well-established schedule of rates, the National Federation of Housing rate (aka NHF rates).
- 4.7 The PPP provides a fixed annual property cost (paid in 1/12th instalments) for all repair work needed to a property (regardless of the number of visits) up to the agreed financial limit per order, IRL. The optimum IRL for responsive repairs has been modelled and assessed at £2,000 which will catch 95% (57,000) of repair orders leaving just 5% (3,000) of repairs that will need bespoke scheduling against pre-priced SORs. This will allow surveyors to switch their focus from administering 57,000 orders to physically checking the work.

- 4.8 Having assessed the current repairs ordering data and having contacted social landlords operating this model, it was estimated that Contractors were likely to tender a price per property in the region of £400 or £9.52m per annum. Factoring in the remaining 5% of repairs, the anticipated annual spend was £12.52m against an existing annual budget of £15.742m for repairs and voids. It is proposed to use the remaining sum to cover some other additional costs and to fund a direct labour organisation that will undertake communal repairs, cyclical maintenance and small packages of planned maintenance in addition to property adaptations on behalf of the Home Improvement Agency (separately funded).
- 4.9 In summary, the proposed PPP model will allow the Council to deliver a quality-focused repairs service in an efficient way and operate a small DLO within the existing budget envelope. Given that tender prices have increased by 20% since the current Contracts were let, and some of the existing pricing frameworks are extremely competitive (32% below the market), no other model would allow the Council to deliver its repairs service within the existing budget envelope.
- 4.10 A brief overview of the commercial model adopted is set out below:
 - Price Per Property (PPP) model with all repair requirements, regardless of volume, being provided for fixed price paid for each Property under management, subject to an inclusive repairs limit of £2,000 and the schedule of inclusions and exclusions;
 - NHF (Version 7) SORs for out of scope/non-PPP repairs;
 - KPIs focusing on satisfaction, keeping appointments, first-time-fixes and timeliness;
 - Further KPI focus on managing work-in-progress to prevent overdue repairs;
 - For low value voids (less than £6,000), applying an average PPV model that enables the Contractor to deliver with increased efficiency and improved timeliness.

Lots 3 - 10

- 4.11 With regard to Lots 3 10, Bidders were asked to price bespoke pricing schedules. A pricing schedule was drafted for each service, covering schedules specific to that service. A summary page then brought together these costs, with the central overheads and profits, calculating a notional tender sum for evaluation purposes. A summary of each set of pricing schedules is provided below:
 - 4.11.1 **Lots 3 and 4** Bidders were asked to provide a price for the below items, and also their cost for central overheads and profit and Contract prelims, a Notional Annual Tender Total was then calculated for each Bidder:

o Boiler Rooms	o Fire Appliance
 Bulk Gas Cases 	o Air con
o CW Boosters	 Heat Recovery
 Communal CW Tanks 	 Water Management
 Communal Extract Vents 	o CHP Plant
o DHW Vessels	 Washing Machines
 Plant Room Electrical Testing 	 NHF Rates
 Flue camera inspections 	o Day Rates
o Fire Suppression	 Mobilisation

4.11.2 **Lots 5 and 6** - Bidders were asked to provide a price for the below items, and also their cost for central overheads and profit and Contract prelims, a Notional Annual Tender Total was then calculated for each Bidder:

0	Domestic Servicing and Maintenance
0	Additional Items and Schedule of Rates and Hourly Rates
0	Domestic Installations
0	Gas Carcass Testing
0	Domestic Servicing and Maintenance

4.11.3 Lots 7 and 8 – Bidders were asked to provide a price for the below items, and also their cost for central overheads and profit and Contract prelims, a Notional Annual Tender Total was then calculated for each Bidder:

Domestic Electrical Testing	o Auto-gates
 Communal Parts Testing 	 PV Equipment
o Access Control	 Estate Lighting
 Emergency Lighting 	 IRS Spine System
 Communal Fire Systems 	o NHF SOR
 PAT Locations 	o Day Rates
 Lightning Protection 	 Mobilisation
 Intruder Alarm 	
o CCTV	

4.11.4 **Lots 9 and 10** – Bidders were asked to provide a price for the below items, and also their cost for central over heads and profit and Contract prelims, a Notional Annual Tender Total was then calculated for each Bidder:

0	Mobilisation Period costs
0	Fixed Annual Contract Sums
0	Bespoke Rates
0	Hourly Labour Rates

- 4.12 The Part 5 evaluation model of the Volume 1 ISIT and then ISFT set out how price would be calculated for this procurement:
 - 4.12.1 Bidders must complete the pricing tables as indicated.
 - 4.12.2 A Notional Tender Sum (shown as the "Notional Annual Tender Total" in the Pricing Tables) based on fictional volumes of work has been calculated as set out in the pricing tables. This Notional Tender Sum is being used for evaluation purposes only. The Council gives no guarantees, representations or warranties as to the number, type or return rate of any Works required under the Contract during the Contract Period.
 - 4.12.3 The Council will rank the Notional Tender Sums for every Bidder, in reverse order, lowest first. The Bidder with the lowest Notional Tender Sum will be awarded the maximum percentage available for this Tier 1 criterion (40%).

4.12.4 All the other Bidders will be awarded percentage points for their Notional Tender Sum based on the relationship between their Notional Tender Sum and the lowest overall tendered Notional Tender Sum. Where:

Calculated: Price Score = 1
Tender price - Lowest Priced Technically

& Commercially Compliant Tender

Lowest Priced Technically & Commercially

Compliant Tender

5. Tender Compliance

- 5.1 All Tender documents were drafted with the Council's advisors Just Housing Group (JHG) and its solicitors Sharpe Pritchard.
- 5.2 The Council's Corporate Procurement team conducted the compliance checks on submissions at each stage of the process, and all financial checks via the internal Dunn and Bradstreet software.
- 5.3 The Corporate Procurement team also ran the internal evaluation process, and managed the moderation sessions for each stage ensuring compliance with Council processes and standing orders.
- The Council's advisors on the project JHG and Sharpe Pritchard also supported the tender process at different stages, with both companies supporting the Council through the clarification and negotiation processes and then in drafting the ISIT feedback letters. Sharpe Pritchard also then supported the Corporate Procurement team in the ISFT moderation and ISFT standstill letter writing.

6. Tender Process

- 6.1 Bidders Day, OJEU Notice and Selection Questionnaire (SQ)
- 6.1.1 The procedure used for this procurement was the Competitive Procedure with Negotiation (CPN) in accordance with Regulation 29 of the Public Contracts Regulations 2015, as stated in 1.4 of the published Selection Questionnaire (SQ) guidance document.
- 6.1.2 CPN was chosen as it can manage the complexity of the procurement and is a three stage, restricted procedure that allows negotiations to improve the quality of the Contracts while providing value for money.
- 6.1.3 Prospective applicants were invited to a Bidders day at Council offices, for the procurement on 22 November 2019. The Bidder's day was conducted to give suppliers in the market information on the upcoming procurement, inform about the tender process, potential dates and also to introduce the Council's model and key priorities.
- 6.1.4 A Prior Information Notice (PIN) was sent out via Tenders Electronic Daily (TED) and the EU Supply Portal to alert Bidders to this opportunity. The PIN reference 2019/S 202-490031.
- 6.1.5 Following on from the Bidders day, on 6th December 2019 the Council published an OJEU contract notice on the EU Supply Portal, inviting expressions of interest in relation to Housing Repairs and Maintenance works and services for the Council, for the 10 Lots stated at 2.1.1 above. The contract notice reference was 2019/S 238-582764.
- 6.1.6 The SQ guidance document set out the first stage of the procurement. It assessed the economic and financial standing and technical and professional ability of Applicants who wish to be considered for participation in this procurement. The SQ was divided into three separate parts: Part 1 comprises the basic information about the supplier; Part 2 covers exclusion grounds and Part 3 includes the selection criteria for financial standing and technical capacity.
- 6.1.7 The SQ assessed Applicants responses in three stages:
 - Stage 1 A compliance check will be undertaken to ensure SQ Responses are complete and have been completed and submitted in accordance with the instructions in the SQ Guidance Document; 3 Applicants were rejected at this stage for not meeting this compliance check.

- Stage 2 Compliant SQ Responses were then assessed on a pass/fail basis against the Minimum Standards described in the eight sections of the SQ.
- Stage 3 SQ Responses to the Part 3 Additional Questions which comprise specific questions set by the Council to assess Technical and Professional Ability were then scored and weighted in accordance with the methodology set out in the SQ Guidance document in Annexes 3 to 6.
- 6.1.8 The Council's Corporate Procurement team were supported through the Selection Questionnaire (SQ) clarification process by JHG and Sharpe Pritchard. SQ submissions were received on 10th January 2020 via the EU Supply Portal. Below are those that submitted an SQ application per Lot:

Table redacted - this information is included in full in the exempt Part II Report.

- 6.1.9 The Council's Corporate Procurement team ran initial compliance checks on the SQ submissions received as set out in 11.2 of the SQ Guidance document, and then managed the evaluation and moderation processes.
- 6.1.10 The SQ Guidance document that was issued to Bidders stated the number of Applicants that would be taken through to the ISIT stage, subject to there being a sufficient number of Applicants expressing an interest.
- 6.1.11 Those Applicants that were disqualified at SQ stage in accordance with the methodology set out in Annexes 3 to 6, and section 21 Part 3 of the Selection Questionnaire guidance document, were:

Table redacted - this information is included in full in the exempt Part II Report.

6.1.12 The Corporate Procurement team sent out feedback letters to advise Applicants of the SQ outcome on 24th January 2020 via the EU Supply Portal. Those Applicants that were therefore invited to submit an Initial Tender at ISIT stage were:

6.2 Invitation to Submit Initial Tenders

- 6.2.1 Invitations to Submit Initial Tenders (ISIT) were sent out to Bidders on 24th January 2020 via the EU Supply Portal.
- 6.2.2 The core ISIT tender documents comprised four volumes and supporting documentation, that are set out below, and together are referred to in this report as "ISIT Documents":
 - 6.2.2.1 **Volume 1:** Invitation to Submit Initial Tenders, including the Annex (Glossary of Terms) and the following Lot specific details:
 - 6.2.2.1.1 Appendix 1 Lots 1 & 2 (Repairs and Voids North & South);
 - 6.2.2.1.2 Appendix 2 Lot 3 & 4(Communal Gas and Water Systems North & South);
 - 6.2.2.1.3 Appendix 3 Lots 5 & 6 (Domestic Gas Works North & South);
 - 6.2.2.1.4 Appendix 4 Lots 7 & 8 (Electrical Works North & South);
 - 6.2.2.1.5 Appendix 5 Lots 9 & 10 (Lifts North & South).
 - 6.2.2.2 **Volume 2:** Specification documents comprising the General Preliminaries (Part I), the Lot Specific Preliminaries (Part II) and the Lot Specific Specifications which is separated into 5 parts as follows:
 - 6.2.2.2.1 Volume 2 Part A Lots 1 & 2 (Repairs and Voids North & South);
 - 6.2.2.2.2 Volume 2 Part B Lot 3 & 4(Communal Gas and Water Systems North & South);
 - 6.2.2.2.3 Volume 2 Part C Lots 5 & 6 (Domestic Gas Works North & South);
 - 6.2.2.2.4 Volume 2 Part D Lots 7 & 8 (Electrical Works North & South);
 - 6.2.2.2.5 Volume 2 Part E Lots 9 & 10 (Lifts North & South).
 - 6.2.2.3 **Volume 3**: Conditions of Contract
 - 6.2.2.4 **Volume 4:** a separate Response Document which is split as follows:
 - 6.2.2.4.1 Volume 4 Part A Lots 1 & 2 (Repairs and Voids North & South);
 - 6.2.2.4.2 Volume 4 Part B Lot 3 & 4 (Communal Gas and Water Systems North & South);
 - 6.2.2.4.3 Volume 4 Part C Lots 5 & 6 (Domestic Gas Works North & South);
 - 6.2.2.4.4 Volume 4 Part D Lots 7 & 8 (Electrical Works North & South);
 - 6.2.2.4.5 Volume 4 Part E Lots 9 & 10 (Lifts North & South).

- 6.2.3 The Volume 1 ISIT detailed the conditions for tendering, and submitting Initial Tenders. At Part 5 it also sets out the Evaluation Model, which describes how the quality and price elements will be scored. The Lot specific appendices at Appendix 1 5 also provided information about each service. These included information about the works and services required, Lot value, pricing and TUPE requirements and also the evaluation criteria specific to that Lot.
- 6.2.4 The Volume 4 Response Documents set out the certificates to be completed and returned on Initial Tender submission, and the method statements that the Bidders needed to submit, per Lot.
- 6.2.5 The Council was supported through the ISIT clarification process by its advisors Just Housing Group (JHG) and Sharpe Pritchard. ISIT submissions were received on 03rd March 2020 through the EU Supply Portal.
- 6.2.6 The following Bidders chose not to submit an Initial Tender at ISIT stage:

Table redacted - this information is included in full in the exempt Part II Report.

6.2.7 Below are therefore those Bidders that submitted an Initial Tender per Lot:

- 6.2.8 The Council's Corporate Procurement team ran initial compliance checks on ISIT tender submissions. They were supported by JHG in the evaluation and moderation of tenders.
- 6.2.9 On Friday 27 March 2020, the Council was forced to pause the Housing procurement due to the public health crisis brought about by the Coronavirus pandemic. The pause took effect while the Council were evaluating Initial Tenders and had reached the moderation stage of that phase of the procurement process, for Lots 1 and 2. The procurement was halted, and moderation discontinued for all other Lots 3 10.
- 6.2.10 The Council resumed the procurement process in 28 August 2020. It provided staff with updated training, so that the process was able to be picked up from the point that it was paused. The Corporate Procurement team conduced the moderation meetings for Lots 3 10, with

support in note taking and feedback letter writing from JHG and Sharpe Pritchard.

6.2.11 As a result of moderation meetings concluding, the outcome of the Initial Tender evaluation were as below:

Tables redacted - this information is included in full in the exempt Part II Report.

6.2.12 The ISIT stated the number of Bidders that would be taken through to Negotiation and ISFT stages, subject to there being a sufficient number of Bidders per Lot. As a result of the ISIT evaluation, those Bidders that were invited to Negotiate were as below:

6.3 Negotiation

- 6.3.1 The negotiation process took place between Monday 23rd November 2020 and Friday 11th December 2020, with the process supported by JHG and Sharpe Pritchard.
- 6.3.2 Part 2 of the Volume 1 ISIT set out the negotiation process for Bidders, detailing the Initial Tender, negotiation and Final Tender stages of the process. Within the negotiation section it included the key themes that the Council outlined would be covered in the negotiation:
 - Price Per Property (PPP) inclusions and exclusions;
 - ICT;
 - Mobilisation; and
 - Reserve Contractor status for Lots 1 and 2 (Repairs and Voids)
 - Performance, including KPI's;
 - Innovation, particularly ICT innovation; and
 - Social value.
- 6.3.3 Due to the coronavirus pandemic and remote working across the Council, negotiation meetings were held remotely using the Council's Teams platform. Bidders were advised they had been successful at the ISIT stage, and invited to negotiate. They were given a meeting slot which they had to confirm along with contact details for the attendees. Meeting invites were sent out by the Council.
- 6.3.4 A negotiation team was set up consisting of a Sharpe Pritchard representative, a JHG representative, and led by Andrew Jacques Assistant Director Repairs and Maintenance. Meetings were also attended by all key Council Officers as were appropriate to each meeting. Sharpe Pritchard provided a note taker for the meetings, which provided an objective and external set of notes that were circulated via the EU Supply Portal after each meeting.
- 6.3.5 There were four meetings scheduled with Lots 1 and 2 Bidders, due to the complexity of the service and the need to discuss a variety of themes, and then two meetings scheduled for all other Lots 3 –10.
- 6.3.6 Bidder's and the evaluation panel were given a negotiation protocol that set out the purpose, expectations and etiquette expected from the meetings. Before each meeting Bidders were also notified of the key themes that were to be discussed.

- 6.3.7 At the start of the process Bidders were also issued with an Issues Log, these were used by the evaluation team to identify and plan any issues arising from the Bidder's submissions that needed to be discussed and developed throughout the negotiation. For example:
 - Identifying any assumptions that are incorrect or any areas which require explanation or are unclear; and
 - Identifying any prices that appear under/over what we would expect this was to only clarify what bidders have presented and further explain how they have reached figures if necessary
- 6.3.8 Bidder's used the Issues Log to identify any areas they wished to clarify/raise with regard to the tender documents provided or the Council's model. The issues log was an iterative live document (as with clarifications) that went between Bidder and the Council through sessions, capturing and facilitating the discussions from both sides.

6.4 Invitation to Submit Final Tender (ISFT)

- 6.4.1 Following the close of negotiations on Friday 18th December 2020. The Council invited Bidders to submit a Final Tender (ISFT) the same day, via the EU Supply portal.
- 6.4.2 The ISFT tender pack comprised the same core documents as stated at 6.2.2 above. Along with detailing the conditions and submission requirements of tendering, the Volume 1 ISFT also set out a further detailed description of the form of Contract and at Part 5 it set out the Evaluation Model, which described how the quality and price elements would be scored.
- 6.4.3 At the ISFT stage the Council also required that each Bidder populate and upload a social value template as set out in the appendices of the Volume 2 Service Specific Preliminaries and Appendix 4 of the Volume 4 Response Document.
- 6.4.4 The objective of the social value template was to capture a summary of Bidder's social value and innovation proposals. These will be used post Contract award to show the total impact of the new Contracts and to allow consistent monitoring across the various work streams. It will also be used to encourage collaboration between successful Contractors during the term of the Contract. The populated social value template was not evaluated. Bidders were advised that:
 - The contents of the spreadsheet should be a summary of the proposals within the appropriate method statements; and
 - They ensure that they include the full details of their proposals within the appropriate method statements as it is only the detail within the same that will be evaluated.
- 6.4.5 Bidders were also advised that the spreadsheet they submitted would not be provided to anyone on the evaluation panel. Please see Appendix 1.2 for the social value template spreadsheet that was provided to Bidders.
- 6.4.6 The Form of Contract was also updated at the ISFT stage. The Contract remained as the Joint Contracts Tribunal (JCT) Measured Term Contract 2016 with amendments as set out in Volume 3. However Bidders were provided with updated Contracts:
 - 6.4.6.1 A draft Contract for the main Contractors for Lots 1 and 2;
 - 6.4.6.2 a draft Contract for the reserve Contractors for Lots 1 and 2; and
 - 6.4.6.3 a draft Contract for the Contractors for Lots 3 to 10.

6.4.7 The Council was supported through the ISFT clarification process by its advisors JHG and Sharpe Pritchard. ISFT submissions were received on 18th January 2021. Below are those Bidders that submitted a Final Tender per Lot:

Table redacted - this information is included in full in the exempt Part II Report.

- 6.4.8 The Council's Corporate Procurement team ran initial compliance checks on ISFT tender submissions. They were supported by Sharpe Pritchard in the evaluation, moderation and in drafting standstill letters for Final Tenders.
- 6.4.9 The Volume 1 ISFT stated that the Council will add each Bidder's Weighted Price Score to the Weighted Quality Score which shall be the total bid score for that Bidder for that Lot (the "Total Bid Score"). The Council would rank all of the Total Bid Scores, highest score first, and that The Council will award the Contract to the Bidder with the highest Total Bid Score.
- 6.4.10 As a result of evaluation process and moderation meetings concluding, the outcome of the Final Tender evaluation were as below:

Tables redacted - this information is included in full in the exempt Part II Report.

6.4.11 Standstill letters are due to be issued for this procurement in March 2021, after all relevant internal Council approvals are granted.

7. Recommendation

7.1 Award Criteria

- 7.1.1 The Volume 1 ISFT at section 32 of the Part 5 Evaluation Model set out how total scores will be calculated:
 - 7.1.1.1 The Council shall add each Bidder's Weighted Price Score to the Weighted Quality Score which shall be the total bid score for that Bidder for that Lot (the "Total Bid Score").
 - 7.1.1.2 The Council shall rank all of the Total Bid Scores, highest score first.
 - 7.1.1.3 The Council shall award the Contract to the Bidder with the highest Total Bid Score.
- 7.1.2 At section 33 of the ISFT the Lot Award Strategy was set out, stating that following evaluation of the Final Tenders the Council will award the Contracts for each Lot in accordance with the following principles:
 - 7.1.2.1 All Tenders for each Lot will be ranked in order, highest scoring first.
 - 7.1.2.2 Without prejudice to the rules about award of reserve Contracts, all awards are subject to the overriding principles that:
 - 7.1.2.2.1 no Bidder may be awarded more than two main Contracts; and
 - 7.1.2.2.2 no Bidder may be awarded main Contracts for two geographical Lots (i.e. North and South area) for the same Works discipline.
- 7.1.3 The restriction on the maximum number of awards that will be made to a single Bidder referred to in paragraph 7.1.2.2 above will be applied at parent company level. For example, in the event of there being two separate Bidders that are in fact part of the same group of companies/share a common parent, the maximum number of awards available to both Bidders combined remains limited to two in total (+ I reserve).
- 7.1.4 The Council will award Contracts for Lots in the following numerical order:
 - 1. Lot 1
 - 2. Lot 2
 - 3. Lot 5
 - 4. Lot 6
 - 5. Lot 3
 - 6. Lot 4
 - 7. Lot 7
 - 8. Lot 8
 - 9. Lot 9
 - 10. Lot 10
 - 11. Lot 1 (reserve)
 - 12. Lot 2 (reserve)

- 7.1.5 Where the highest scoring Bidder for a Lot has already been awarded two Contracts or the other geographic Lot in the same Works discipline, the next highest scoring Bidder will be awarded that Lot. Should the second highest scoring Bidder also be excluded due to the rules at 7.1.2.2.1 and 7.1.2.2.2 the next highest bidder will be considered and so on.
- 7.1.6 Exceptionally, in the event that the application of the rules set out in this section 7.1 results in there being insufficient eligible Bidders to whom Contracts can be awarded for each and every Lot and subject to the Regulations, the Council reserves the right (but only to the minimum extent necessary) to award more than 2 main Contracts (and/or more than 1 Reserve Contract if applicable) to the same Bidder.
- 7.1.7 The Contracts will all be non-exclusive and the Council may appoint alternative providers to carry out any of the works covered by a Contract or carry out the works themselves. In addition, in respect of Lots 1 and 2 (Repairs & Voids North and South areas) only, the Council also reserves the right to appoint reserve Contractors for each of these Lots. If the Council exercises that right, the appointment of reserve Contractors would be subject to the following:
 - 7.1.7.1 The Bidder that is awarded the main Contract for Lot 1 cannot be the reserve Contractor for Lot 2 and vice versa.
 - 7.1.7.2 Award of reserve Contractor status would not prevent a Bidder being awarded up to 2 main Contract awards.
 - 7.1.7.3 For the avoidance of doubt, a Bidder can only become a reserve Contractor for a Lot if it has submitted a bid for that Lot.
 - 7.1.7.4 Any reserve Contractor may, at the Council's discretion, be required to undertake individual pieces of work from time to time which would ordinarily be carried out by the main Contractor for that Lot.
 - 7.1.7.5 If the Contract with the main Contractor for a Lot is terminated, the reserve Contractor for that Lot will be appointed as the main Contractor.

7.2 Scores

- 7.2.1 After calculation of the weighted Total Bid Scores as noted above at 7.1.1. The results indicate that:
 - Fortem have the highest overall scores for Lots 1 and 2
 - T Brown have the highest overall scores for Lots 3 and 4
 - MPS have the highest overall scores for Lots 5 and 6
 - NRT have the highest overall scores for Lots 7 and 8
 - RJ Lifts have the highest overall scores for Lots 9 and 10
- 7.2.2 After applying the rules for awarding Contracts at Part 1 and the Lot Award Strategy a section 33 of the Volume 1 ISIT, as also stated above, It is therefore recommended by the evaluation panel that:

- Fortem are awarded the Contract for Lot 1 Repairs and Voids geographical area North:
- Wates are awarded the Contract for Lot 2 Repairs and Voids geographical area South:
- **T Brown** are awarded the Contract for Lot 3 Communal Gas and Water Systems area North:
- **OCO** are awarded the Contract for Lot 4 Communal Gas and Water Systems area South:
- MPS are awarded the Contract for Lot 5 Domestic Gas Works geographical area North:
- **T Brown** are awarded the Contract for Lot 6 Domestic Gas Works geographical area South;
- **NRT** are awarded the Contract for Lot 7 Electrical Works geographical area North;
- **Open View** are awarded the Contract for Lot 8 Electrical Works geographical area South;
- RJ Lifts are awarded the Contract for Lot 9 Lifts geographical area North; and
- Amalgamated are awarded the Contract for Lot 10 Lifts geographical area South.
- **Breyer** are awarded the **reserve** Contract for Lot 1 Repairs and Voids geographical area North;
- Morgan Sindall are awarded the reserve Contract for Lot 2 Repairs and Voids geographical area South;

8. Social Value

- As stated at 6.4.3 above, at the ISFT stage the Council also required that each Bidder populate and upload a social value template as set out in the appendices of the Volume 2 Service Specific Preliminaries and Appendix 4 of the Volume 4 Response Document.
- 8.2 The objective of the social value template was to capture a summary of Bidder's social value and innovation proposals. These will be used post Contract award to show the total impact of the new Contracts and to allow consistent monitoring across the various work streams. It will also be used to encourage collaboration between successful Contractors during the term of the Contract. The populated social value template was not evaluated. Bidders were advised that:
 - The contents of the spreadsheet should be a summary of the proposals within the appropriate method statements; and
 - They ensure that they include the full details of their proposals within the appropriate method statements as it is only the detail within the same that will be evaluated.
- 8.3 Bidders were also advised that the spreadsheet they submitted would not be provided to anyone on the evaluation panel. Please see Appendix 1.2 for the social value template spreadsheet that was provided to Bidders.
- 8.4 Below are those social value commitments that have been submitted for each successful Contractor:

Lot 1 - Fortem - Repairs and Voids geographical area North

Table redacted - this information is included in full in the exempt Part II Report.

Lot 2 - Wates - Repairs and Voids geographical area South

Table redacted - this information is included in full in the exempt Part II Report.

Lot 3 – T Brown - Communal Gas and Water Systems area North

Table redacted - this information is included in full in the exempt Part II Report.

Lot 4 - OCO - Communal Gas and Water Systems area South

Table redacted - this information is included in full in the exempt Part II Report.

Lot 5 - MPS - Domestic Gas Works geographical area North

Table redacted - this information is included in full in the exempt Part II Report.

Lot 6 – T Brown - Domestic Gas Works geographical area South

Lot 7 - NRT - Electrical Works geographical area North

Table redacted - this information is included in full in the exempt Part II Report.

Lot 8 - Open View - Electrical Works geographical area South

Table redacted - this information is included in full in the exempt Part II Report.

Lot 9 - RJ Lifts - Lifts geographical area North

Table redacted - this information is included in full in the exempt Part II Report.

Lot 10 - Amalgamated - Lifts geographical area South

9. Affordability

- 9.1 The council's budget for all of the services that will be delivered under the proposed contracts is £31.698m (split £24.698m revenue and £7.000m capital).
- 9.2 The combined sum of all the recommended tenders is £35.068m, of which £25.410m is revenue and £9.658m capital as set out in the table below:

Lot	Area	Service	Recommended Tenderer	Revenue Sum (£'000)	Capital Sum (£'000)	Annual Contract Sum (£'000)
1.	North	Responsive Repairs and Voids	Fortem Solutions Ltd	5,669	2,040	7,709
2.	South	Responsive Repairs and Voids	Wates Property Services Ltd	6,542	1,416	7,958
3.	North	Communal Gas & Water Systems	T Brown Group Ltd	2,204	62	2,266
4.	South	Communal Gas & Water Systems	OCO Ltd	1,823	36	1,859
5.	North	Domestic Gas Works MPS Housing Ltd		2,223	2,655	4,878
6.	South	Domestic Gas Works	T Brown Group Ltd	2,245	3,378	5,623
7.	North	Electrical Works	NRT Group	1,329	39	1,368
8.	South	Electrical Works	OpenView Security Solutions Ltd	1,945	32	1,977
9.	North	Lift Maintenance	RJ Lift Services Ltd	701		701
10.	South	Lift Maintenance	Amalgamated Lifts Ltd	729		729
1R.	North	Reserve contract for Lot 1.	Breyer Group			
2R.	South	Reserve contract for Lot 2.	Morgan Sindall Property Services Ltd			
			Total	25,410	9,658	35,068

^{9.3} To cover the £3.370m gap between the current budget and the total contract sum, there will be an additional £2.658m capital borrowing requirement and £712k revenue funding requirement.

Appendix 1.1 Evaluation Criteria

Lots 1 & 2 Evaluation Criteria						
Tier 1 - Evaluation Criteria	Tier 1 Weighting	Tier 2 Criteria	Tier 2 weighting	Tier 3 Criteria	Tier 3 weighting	
Commercial	40%					
				Service improvement plan	50%	
		Service Improvement	10%	Reducing Demand	50%	
		WIP	15%	Strategy for managing	40%	
				Commitment to managing	40%	
				Meeting Employers requirements	20%	
	60%	Mobilisation, Transition and Innovation	15%	Mobilisation plan	25%	
Quality				Transition plan	25%	
				Innovation plan	25%	
				Risks associated	25%	
		Managing the Contract	10%	Management approach	40%	
				Managing resources	40%	
				Quality Completion	20%	
		Commercial Model		10%	Understanding of approach	50%
				Risks associated	50%	
		Scenarios	5%	Scenario - windows	50%	
				Scenario - scaffolding	50%	
		ICT	5%	General requirement	25%	
				Mobilisation & BAU Resource	25%	
				Testing, Business Continuity and Disaster Recovery	25%	
				Data, reporting and KPI's	25%	

Sustainability	5%	Driving the green agenda	30%
		Carbon neutral	30%
		Action plan	40%
		Core Social Value Objectives	20%
		Enterprise, Employment and Training	20%
Social Value	10%	Health and Wellbeing	20%
		Safety and Security	20%
		Community Cohesion and VCS Support	20%
		General Service	15%
		Quality in Service	15%
Resident Method	15%	A Service Fit for the Future	15%
Statement	13/0	Appointments	15%
		Transparency and Building Confidence in the Service	10%
		Behaviours and Customer Understanding	15%
		Equality and Diversity	15%

Lots 3 & 4 Evaluation Criteria						
Tier 1 - Evaluation Criteria	Tier 1 Weighting	Tier 2 Criteria	Tier 2 weighting	Tier 3 Criteria	Tier 3 weighting	
Commercial	40%					
		Mobilisation	20%	Mobilisation plan Resource	50% 50%	
				Management	3070	
		Managing the Contract	15%	Meeting Employer's requirements	100%	
	60%	Risks	5%	Risk Register	100%	
		Delivery	20%	Providing the service	100%	
		Scenarios	15%	Scenario – Gas Leak	50%	
				Scenario - Water	50%	
o !!!		Performance Management	10%	Dealing with under performance	75%	
Quality		0%		Highest standards of service	25%	
		Social Value	10%	Core Social Value Objectives	50%	
				Enterprise, Employment and Training	50%	
		ICT	5	General requirement	50%	
				Mobilisation & BAU Resource	25%	
				Testing, Business Continuity and Disaster Recovery	12.5%	
				Data, reporting and KPI's	12.5%	

Lots 5 & 6 Evaluation Criteria						
Tier 1 - Evaluation Criteria	Tier 1 Weighting	Tier 2 Criteria	Tier 2 weighting	Tier 3 Criteria	Tier 3 weighting	
Commercial	40%					
		Mobilisation	20%	Mobilisation plan	50%	
				Resource Management	50%	
		Managing the Contract	15%	Meeting Employer's requirements	100%	
		Risks	5%	Risk Register	100%	
		Delivery	20%	Providing the service	100%	
		Scenarios	15%	Scenario – Access	50%	
				Scenario – Venerable resident	50%	
		Performance Management	10%	Dealing with under performance	75%	
				Highest standards of service	25%	
Quality	60%	Social Value	10%	Core Social Value Objectives	50%	
Quality	6670			Enterprise, Employment and Training	50%	
		ICT	5	General requirement	50%	
				Mobilisation & BAU Resource	25%	
				Testing, Business Continuity and Disaster Recovery	12.5%	
				Data, reporting and KPI's	12.5%	

	Lots 7 & 8 Evaluation Criteria						
Tier 1 - Evaluation Criteria	Tier 1 Weighting	Tier 2 Criteria	Tier 2 weighting	Tier 3 Criteria	Tier 3 weighting		
Commercial	40%						
		Mobilisation		Mobilisation plan Resource	50%		
			20%	Management			
		Managing the Contract	15%	Meeting Employer's requirements	100%		
		Risks	5%	Risk Register	100%		
		Delivery	20%	Venerable residents	50%		
		,		Door entry	50%		
		Scenarios	15%	Scenario – High rise	50%		
				Scenario – Floods	50%		
		Performance Management	10%	Dealing with under performance	75%		
				Highest standards of service	25%		
Quality	60%	Social Value	10%	Core Social Value Objectives	50%		
				Enterprise, Employment and Training	50%		
		ICT	5	General requirement	50%		
				Mobilisation & BAU Resource	25%		
				Testing, Business Continuity and Disaster Recovery	12.5%		
				Data, reporting and KPI's	12.5%		

Lots 9 & 10 Evaluation Criteria					
Tier 1 - Evaluation Criteria	Tier 1 Weighting	Tier 2 Criteria	Tier 2 weighting	Tier 3 Criteria	Tier 3 weighting
Commercial	40%				
Quality		Resources	20%	Resource Management	50%
				Sub-Contractors	50%
		Managing the Contract	15%	Complying with legislation	50%
				Health and Safety	50%
		Risks	5%	Risk Register	100%
		Delivery	20%	Managing the Contract	25%
				Ensuring response times	25%
				Emergency out of hours	25%
				Venerable residents	25%
		Scenarios	15%	Scenario – High rise	50%
				Scenario – Trapped resident	50%
	60%	Performance	10%	Performance targets	75%
		Management		continuous improvement	25%
		Social Value	10%	Core Social Value Objectives	50%
				Enterprise, Employment and Training	50%
		ICT	5	General requirement	50%
				Mobilisation & BAU Resource	25%
				Testing, Business Continuity and Disaster Recovery	12.5%
				Data, reporting and KPI's	12.5%

Appendix 1.2 Social Value Template

Category	¥	Initiative	¥	Output	v	Timeline	Funding Breakdown	Benefit	v	Added value	*	Go-Live	¥
Employment, Training and Skil	lls												
	-												
Sustainability and Carbon													
Reduction													
	F												
	-												
Community Wellbeing													
	-												
	F												
Innovation													
	-												

Appendix 1.3 KPI Schedule

Lots 1 and 2 - Repairs and Voids:

Reducing number of complaints Below threshold and improving So f complaints received relative to number of repairs WO OPI			Required			Financial Effect of
Reactive Respond within 2 hours 100% of emergency jobs in month P1 - Critical Reactive Rectify within 24 hours 97% Number of critical jobs rectified within 24 hours 10Pl P2 - Urgent Reactive Respond and rectify within 7 Standard Working days 97% Number of urgent jobs in month 10Pl P3 - Routine Reactive Respond and rectify within 28 Standard Working days 97% Number of urgent jobs in month 10Pl P3 - Routine Reactive Respond and rectify within 28 Standard Working days 97% Number of urgent jobs in month 10Pl P3 - Routine Reactive Respond and rectify within 28 Standard Working days 10Pl P3 - Routine Reactive Respond and rectify within 28 Standard Working days 10Pl P3 - Routine Reactive Respond and rectify within 28 Standard Working days 10Pl P3 - Routine Reactive Respond and rectify within 28 Standard Working days 10Pl P4 - Reducing number of Standard Working days 10Pl P5 - Routine Reactive Respond and rectify within 28 Standard Working days 10Pl P6 - Reducing number of Contraction Survey 10Pl P6 - Reducing number of Complaints 10Pl P7 - Reducing number of Complaints 10Pl P6 - Reducing number of appointments a job has had before its 10Pl P6 - Recalls 10Pl P6 - Reducing number of appointments a job has had before its 10Pl P6 - Recalls 10Pl P7 - Reducing number of appointments 10Pl P6 - Recalls 10Pl P7 - Reducing number of appointments 10Pl P7 - Reducing number of appointments 10Pl P7 - Reducing number of appointments 10Pl P7 - Reducing number of appointment 10Pl P7 - Reducing number 10Pl P7 - Reduci	Name	Description	Performance Level	How Calculated	KPI/OPI	Failure
P1 - Critical Reactive Rectify within 24 hours 97% urgent jobs in month 97 - Urgent Reactive Respond and rectify within 75 standard Working days 97% Number of urgent jobs in month 97 - Urgent Reactive Respond and rectify within 28 standard Working days 97% Number of urgent jobs in month 97 - Whithin 28 standard Working days 97% Number of urgent jobs in month 97% Number of jobs completed in 1 appointment / Number of pipos completed in month 97% Number of jobs completed in 1 appointment / Number of jobs completed in month 97% Number of jobs completed in the jobs in month 97% Number of jobs in month 97% Num		Respond within 2 hours	100%	- 11	OPI	
P3 - Routine Reactive Respond and rectify within 28 Standard Working days 97% Mumber of routine jobs in month Number of standard Working days 97% Mumber of routine jobs in month Number of standard Working days 97% Mumber of routine jobs in month Number of standard Working days 97% Mumber of routine jobs in month Number of standard Working days 97% Mumber of routine jobs in month 97% Number of standard Working days 97% Mumber of routine jobs in month 97% Number of standard Working days 97% Mumber of standard Working days 97% Mumber of standard Working days 97% Number of routine jobs in month 97% Number of standard Working days 97% Number of standard Number	P1 - Critical Reactive	Rectify within 24 hours	97%		OPI	
P3-Return Reactive Respond and rectrity within 28 Standard Working days 97% days / Number of routine jobs in month 0Pl	P2 - Urgent Reactive	Respond and rectify within 7 Standard Working days	97%	_ ,	OPI	
Reducing number of complaints Reducing number of complaints Reducing number of appointments a job has had before its completed Secalis S	P3 - Routine Reactive	Respond and rectify within 28 Standard Working days	97%	,	OPI	
Securing number of complaints Securing number of complaints Securing number of appointments a job has had before its completed Security	Customer Satisfaction	Results of Customer Satisfaction Survey		% score in Customer Satisfaction Survey	OPI	
Recalls Number of jobs where a recall has been necessary	Complaints	Reducing number of complaints		% of complaints received relative to number of repairs WO	OPI	
Repair Quality Number of failed post inspections Approintments Met Meeting appointments made with residents Disrepair Delivery Delivery of disrepair works to the agreed time frame Disrepair Delivery Delivery of disrepair works to the agreed time frame Disrepair Delivery Delivery of disrepair works to the agreed time frame Disrepair Delivery Delivery of disrepair works to the agreed time frame Disrepair Delivery Delivery of disrepair works to the agreed time frame Disrepair Delivery Delivery of disrepair works to the agreed time frame Disrepair Delivery Delivery of disrepair works to the agreed time frame Disrepair Delivery Delivery of disrepair works to the agreed time frame Disrepair Delivery Delivery of disrepair works to the agreed time frame Disrepair Delivery Delivery of disrepair works to the agreed time frame Disrepair Delivery Delivery of disrepair works to the agreed time frame Disrepair Delivery Delivery of disrepair works to the agreed time frame Disrepair Delivery Delivery of disrepair works to the agreed time frame Disrepair Delivery Delivery of disrepair works to the agreed time frame Disrepair Delivery Delivery of disrepair works to the agreed time frame Disrepair Delivery Delivery of disrepair works to the agreed time frame Disrepair Delivery Delivery of disrepair works to the agreed time frame Disrepair Delivery Delivery of disrepair works to the agreed time frame Disrepair Delivery Delivery of disrepair works to the agreed time frame Disrepair Delivery Delivery of disrepair works to the agreed time frame Disrepair Delivery Delivery of disrepair works to the agreed time frame Disrepair Delivery Delivery of disrepair works to the agreed time frame Disrepair Delivery Delivery of disrepair works to the agreed time frame Disrepair Delivery Total time (days) taken for all Urgent and Routine repairs completed in the last month Nerl Disrepair time (days) taken for all Urgent and Routine repairs completed in the last month Nerl Disrepair time (da	First time fix		90%		OPI	
Call handling Performance for Contractor contact centre's to meet when answering calls from Residents or the Council Appointments Met Wheting appointments made with residents 95% Number of calls answered by a person within 20 seconds in a month / Total number of calls made to the Contractor Contact Centre in that month Number of appointments made in month Number of	Recalls	Number of jobs where a recall has been necessary	<5		OPI	
Call handling when answering calls from Residents or the Council when answering calls from Residents or the Council when answering calls from Residents or the Council Centre in that month Appointments Met when answering calls from Residents or the Council Centre in that month Meeting appointments made with residents Percentage of repairs that are overdue Measure of effective workload management Meeting appointments made with residents 80% within 20s month / Total number of calls made to the Contractor Contact Centre in that month Mumber of appointments met or appointments not met for a valid reason / Number of appointments made in month KPI is late to its agree delivery time fazon of the number of days late each void is in month KPI disrepair is late to its agree delivery time fazon of the number of days late each disrepair is in month KPI disrepair is late to agree delivery time fazon or all Urgent and Routine repairs ompleted in the last month / Total number of Urgent and Routine repairs ompleted in the last month Major Safety or RIDDOR reportable incident Measure of effective workload management Measure of effective workload management As we workload management As within 20s month / Total number of calls made to the Contractor Contact Centre in that month Number of appointments met or appointments not met for a valid reason / Number of appointments met or appointments not met for a valid reason / Number of appointments met or appointments not met for a valid reason / Number of appointments met or appointments not met for a valid reason / Number of appointments met or appointments not met for a valid reason / Number of appointments met or	Repair Quality	Number of failed post inspections	<2%		OPI	
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Void Delivery Delivery voids to the agreed time frame Disrepair Delivery Delivery of disrepair works to the agreed time frame Delivery of disrepair works to the agreed time frame Delivery of disrepair works to the agreed time frame Delivering continuous improvement to reduce waiting time for residents Delivering continuous improvement to reduce waiting time for residents Delivering continuous improvement to reduce waiting time for residents Delivering continuous improvement to reduce waiting time for residents Delivering continuous improvement to reduce waiting time for residents Delivering continuous improvement to reduce waiting time for residents Delivering continuous improvement to reduce waiting time for residents Delivering continuous improvement to reduce waiting time for residents Delivering continuous improvement to reduce waiting time (days) taken for all Urgent and Routine repairs completed in the last month / Total number of Urgent and Routine repairs completed in the last month An unsafe act or incident that occurs under SP management Major Safety or RIDDOR reportable incident Measured and reported KPI Measured tate before the date before the date of the report/ Total number of open works orders Measured for pen works orders with a target date before the date of the report/ Total number of open works orders	Appointments Met	Meeting appointments made with residents	95%	Number of appointments met or appointments not met for a valid reason / Number of appointments made in month	KPI	appointment missed
Disrepair Delivery Delivery of disrepair works to the agreed time frame 100% Sum of the number of days late each disrepair is in month KPI disrepair is late to agreed delivery to disrepair is late to agreed delivery to delivery to delivery to disrepair is late to agreed delivery to delivery to delivery to disrepair is late to agreed delivery to agreed delivery to delivery to delivery to delivery to agreed delivery to delivery to delivery to agreed delivery to delivery to delivery to agreed delivery to agreed delivery to delivery to agreed delivery to agreed delivery to delivery to agreed delivery to agreed delivery to agree delivery to agreed delivery to agree delivery	Void Delivery	Delivery voids to the agreed time frame	100%	Sum of the number of days late each void is in month	KPI	is late to its agreed
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- The state of the		Measure of effective workload management	<5%		КРІ	1% of PPP sum for each % delta between target and % of overdue repairs.

73

Lots 3 and 4 - Communal Gas and Water Systems:

Name	D dalla.	Required	u. Ole bud	WDI (OC:	Financial Effect of
Name	Description	Performance Level	How Calculated	KPI/OPI	Failure
PO - Emergency Reactive	Respond within 2 hours	100%	Number of emergency jobs attended within 2 hours / Number of emergency jobs in month	OPI	
P1 - Critical Reactive	Rectify within 24 hours	97%	Number of critical jobs rectified within 24 hours / Number of urgent jobs in month	OPI	
P2 - Urgent Reactive	Respond and rectify within 7 Standard Working days	97%	Number of urgent jobs rectified within 7 Standard Working days/ Number of urgent jobs in month	OPI	
P3 - Routine Reactive	Respond and rectify within 28 Standard Working days	97%	Number of routine jobs rectified within 28 Standard Working days/ Number of routine jobs in month	OPI	
Complaints	Reducing number of complaints	Below threshold and improving	% of complaints received relative to number of repairs WO	OPI	
Recalls	Number of jobs where a recall has been necessary	<5	Number of recalls in month	OPI	
Repair Quality	Number of failed post inspections	<2%	Number of failed post inspections / Number of post inspections completed year to date	OPI	
PPM Programme Compliance	Ensuring all PPM tasks completed to time and quality	95%	Measurement of programme against tasks completed	OPI	
Average time to complete repairs	Delivering continuous improvement to reduce waiting time for residents	Improvement against baseline target	Total time (days) taken for all Urgent and Routine repairs completed in the last month / Total number of Urgent and Routine repairs completed in the last month	KPI	10% PPP sum * % delta between target & average repair time
Major Safety or RIDDOR reportable incident	An unsafe act or incident that occurs under SP management	0 incidents	Measured and reported	KPI	Nullifies any positive incentive in month
Percentage of repairs that are overdue	Measure of effective workload management	<5%	Number of open works orders with a target date before the date of the report/ Total number of open works orders	KPI	1% of PPP sum for each % delta between target and % of overdue repairs.

Lots 5 and 6 - Domestic Gas Works:

		Required			Financial Effect of
Name	Description	Performance Level	How Calculated	KPI/OPI	Failure
PO - Emergency Reactive	Respond within 2 hours	100%	Number of emergency jobs attended within 2 hours / Number of emergency jobs in month	OPI	
P1 - Critical Reactive	Rectify within 24 hours	97%	Number of critical jobs rectified within 24 hours / Number of urgent jobs in month		
P2 - Urgent Reactive	Respond and rectify within 7 Standard Working days	97%	Number of urgent jobs rectified within 7 Standard Working days / Number of urgent jobs in month	OPI	
P3 - Routine Reactive	Respond and rectify within 28 Standard Working days	97%	Number of routine jobs rectified within 28 Standard Working days / Number of routine jobs in month	OPI	
Customer Satisfaction	Results of Customer Satisfaction Survey	90%	% score in Customer Satisfaction Survey	OPI	
Complaints	Reducing number of complaints	Below threshold and improving	% of complaints received relative to number of repairs WO	OPI	
First time fix	The number of appointments a job has had before its completed	92%	Number of jobs completed in 1 appointment / Number of jobs completed in month	OPI	
Recalls	Number of jobs where a recall has been necessary	<5	Number of recalls in month	OPI	
Repair Quality	Number of failed post inspections	<2%	Number of failed post inspections / Number of post inspections completed year to date	OPI	
Call handling	Performance for Contractor contact centre's to meet when answering calls from Residents or the Council	80% within 20s	Number of calls answered by a person within 20 seconds in a month / Total number of calls made to the Contractor Contact Centre in that month	OPI	
Appointments Met	Meeting appointments made with residents	97%	Number of appointments met or appointments not met for a valid reason / Number of appointments made in month	KPI	£50 for each appointment missed
LGSR Compliance	Ensuring all LGSRs completed to time and quality	100%	Number of overdue LGSR	KPI	£2000 per LGSR per month
Average time to complete repairs	Delivering continuous improvement to reduce waiting time for residents	Improvement against baseline target	Total time (days) taken for all Urgent and Routine repairs completed in the last month / Total number of Urgent and Routine repairs completed in the last month	КРІ	10% PPP sum * % delta between target & average repair time
Major Safety or RIDDOR reportable incident	An unsafe act or incident that occurs under SP management	0 incidents	Measured and reported	KPI	Nullifies any positive incentive in month
Percentage of repairs that are overdue	Measure of effective workload management	<5%	Number of open works orders with a target date before the date of the report/ Total number of open works orders	КРІ	1% of PPP sum for each % delta between target and % of overdue repairs.

Lots 7 and 8 - Electrical Works:

		Required			Financial Effect of
Name	Description	Performance Level		KPI/OPI	Failure
PO - Emergency Reactive	Respond within 2 hours	100%	Number of emergency jobs attended within 2 hours / Number of emergency jobs in month	OPI	
P1 - Critical Reactive	Rectify within 24 hours	97%	Number of critcal jobs rectified within 24 hours / Number of urgent jobs in month		
P2 - Urgent Reactive	Respond and rectify within 7 Standard Working days	97%	Number of urgent jobs rectified within 7 Standard Working days / Number of urgent jobs in month	OPI	
P3 - Routine Reactive	Respond and rectify within 28 Standard Working days	97%	Number of routine jobs rectified within 28 Standard Working days/ Number of routine jobs in month	OPI	
Customer Satisfaction	Results of Customer Satisfaction Survey	90%	% score in Customer Satisfaction Survey	OPI	
Complaints	Reducing number of complaints	Below threshold and improving	% of complaints received relative to number of repairs WO	OPI	
First time fix	The number of appointments a job has had before its completed	92%	Number of jobs completed in 1 appointment / Number of jobs completed in month	OPI	
Recalls	Number of jobs where a recall has been necessary	<5	Number of recalls in month	OPI	
Repair Quality	Number of failed post inspections	<2%	Number of failed post inspections / Number of post inspections completed year to date	OPI	
Call handling	Performance for Contractor contact centre's to meet when answering calls from Residents or the Council	80% within 20s	Number of calls answered by a person within 20 seconds in a month / Total number of calls made to the Contractor Contact Centre in that month	OPI	
Testing Programme Compliance	Ensuring testing and certification tasks completed to time and quality	95%	Measurement of programme against tasks completed	OPI	
Appointments Met	Meeting appointments made with residents	97%	Number of appointments met or appointments not met for a valid reason / Number of appointments made in month	KPI	£50 for each appointment missed
Average time to complete repairs	Delivering continuous improvement to reduce waiting time for residents	Improvement against baseline target	Total time (days) taken for all Urgent and Routine repairs completed in the last month / Total number of Urgent and Routine repairs completed in the last month	KPI	10% PPP sum * % delta between target & average repair time
Major Safety or RIDDOR reportable incident	An unsafe act or incident that occurs under SP management	0 incidents	Measured and reported	KPI	Nullifies any positive incentive in month
Percentage of repairs that are overdue	Measure of effective workload management	<5%	Number of open works orders with a target date before the date of the report/ Total number of open works orders	KPI	1% of PPP sum for each % delta between target and % of overdue repairs.

Lots 9 and 10 - Lifts:

Name	Description	Required Performance Level	How Calculated	KPI/OPI	Financial Effect of Failure
PRO -Critical repair	Respond within 1 hours and rectify within 4 hours	100%	Number of critical repair jobs attended within 1 hours and rectified within 4 hours / Number of critical jobs in month	OPI	rallule
PR1 - Emergency repair	Respond within 1 hours and rectify within 1 Standard Working Day	97%	Number of emergency repair jobs attended within 1 hours and rectified within 1 Standard Working Day / Number of emergency jobs in month	OPI	
PR2 - Urgent repair	Respond and rectify within 3 Standard Working Days	97%	Number of urgent repair jobs rectified within 3 Standard Working Days / Number of urgent jobs in month	OPI	
PR3 - Non-urgent repair	Respond and rectify within 7 Standard Working Days	97%	Number of non - urgent repair jobs rectified within 7 Standard Working Days / Number of routine jobs in month	OPI	
PRFRA - Urgent Repair following Fire Risk Assessment (FRA) inspection	Respond and rectify within 7 Standard Working Days	97%	Number of urgent repair following FRA jobs rectified within 7 Standard Working Days / Number of routine jobs in month	OPI	
PR4 - Routine repair	Respond and rectify within 28 Standard Working Days	97%	Number of routine jobs rectified within 28 Standard Working Days / Number of routine jobs in month	OPI	
PR5 - Planned repair	Respond and rectify within 90 Standard Working Days	97%	Number of planned jobs rectified within 90 Standard Working Days / Number of routine jobs in month	OPI	
Customer Satisfaction	Results of Customer Satisfaction Survey	90%	% score in Customer Satisfaction Survey	OPI	
Complaints	Reducing number of complaints	Below threshold and improving	% of complaints received relative to number of repairs WO	OPI	
First time fix	The number of appointments a job has had before its completed	90%	Number of jobs completed in 1 appointment / Number of jobs completed in month	OPI	
Recalls	Number of jobs where a recall has been necessary	<5	Number of recalls in month	OPI	
Average time to complete repairs	Delivering continuous improvement to reduce waiting time for residents	Improvement against baseline target	Total time (days) taken for all Urgent and Routine repairs completed in the last month / Total number of Urgent and Routine repairs completed in the last month	KPI	10% PPP sum * % delta between target & average repair time
Major Safety or RIDDOR reportable incident	An unsafe act or incident that occurs under SP management	0 incidents	Measured and reported	KPI	Nullifies any positive incentive in month
Percentage of renairs	Measure of effective workload management	<5%	Number of open works orders with a target date before the date of the report/ Total number of open works orders	KPI	1% of PPP sum for each % delta between target and % of overdue repairs.



« Leaseholder Name, Second Leaseholder Name, Third Leaseholder Name_»

/The Current Leaseholder(s)

«Contact Address Line 1»

«Contact Address Line 2»

«Contact Address Line 3»

«Contact Address Line 4»

«Contact Address Line 5»

«Contact Address Line 6»

Property Reference: «Property Ref»

Property Address: «Prop Address 1, Prop Address 2» Scheme Reference: HOS/HOUSCONTRACT/AUG2019

Date: 22 April 2021

Dear « Leaseholder Name, Second Leaseholder Name, Third Leaseholder Name_» / The Current Leaseholder(s),

Re: Notice of Proposal Housing Services Contracts

We wrote to you on 2 August 2019 to advise that multiple 'Qualifying Long Term Agreement' contracts which are used to provide services to London Borough of Lambeth's tenants and homeowners were due to expire. This notice also consulted with you on our intention to enter into a competitive procurement process to replace them. The consultation period in respect of the notice of intention ended on 7 September 2019.

The procurement process for several of these replacement contracts has now progressed to the stage where we have identified preferred bidders. In line with legislation, this letter is to carry out the second and final part of the consultation process (known as the Notice of Proposal) which we must conduct before we can formally award the contract to those preferred bidders.

Please find enclosed with this letter:

Notice of Proposals for:

- Contract 1 Part 1: Responsive Repairs and Voids
- Contract 1 Part 2: Communal Gas and Mechanical Services
- Contract 1 Part 3: Domestic Gas Services
- Contract 1 Part 4: Electrical Services
- Contract 2: Lift Services

Each of these notices details the proposed contracts and invites you to make observations on each proposal within 34 days of the date of this letter.

Please also find included a set of Frequently Asked Questions and a summary of observations (with responses) received during our previous consultation period.

If you have any queries regarding any part of this letter, please contact us directly on 020 7926 6521 or HMhomeownership@lambeth.gov.uk for any further assistance.

For information on the Section 20 process and why we have sent this notice to you please visit our video here:

https://www.youtube.com/watch?v=Q_Md5aWBu84&feature=youtu.be

Selling your Home

You should keep these documents in a safe place, and if you sell your home they should be passed on to your solicitor. In cases where the ownership of the property changes hands during the consultation period, it is important that this statutory notice is disclosed to the purchaser. It is reasonable for Lambeth Council to expect the new leaseholder to have received copies of this documentation from the seller. It is not necessary for Homeownership Services on behalf of the London Borough of Lambeth to re-start the consultation process.

Tenant Management Organisations (TMO)

If your property is located in a block or on an estate managed by a TMO, we recognise that these services may not be supplied to you by Lambeth Council. Please see the included Frequently Asked Questions for more information on services that are provided directly by your TMO.

Observations

You may have already been in contact, but now that you have more information, you may wish to get in contact again. If you do, we invite you to send in your written observation in relation to the proposed contract. Your observation (should you choose to send one in) must be received by one of the methods detailed below by the 26 May 2021. This is 34 days from the date of this letter and when the relevant period ends.

Ways you can send in an observation if you choose to.

- Online via our E-Form: https://beta.lambeth.gov.uk/housing/housing-repairs/major-works-your-home/submit-observation
- Write to the London Borough of Lambeth, Homeownership & Rents, PO Box 734, Winchester, SO23 5DG.

If you choose to contact us in writing please include reference HOS/HOUSCONTRACT/AUG2019 making it clear that you are sending in a Section 20 Observation. By doing this, you are ensuring it gets to the correct team quickly.

Alternatively, you may find it easier to call and speak with someone directly. Our friendly Major Works team within Homeownership & Rents are here to answer any questions you have. You can call the team directly on 0207 926 6521 Monday to Friday 9am to 5pm. If you prefer, there is also a live chat facility 'Tawk' on our website https://beta.lambeth.gov.uk/housing/finding-home/social-housing/contact-lambeth-housing/homeownership-services

3

Thank you for taking the time to read this letter carefully.

Kind regards

Mr Salim Khan Project Manager

Repairs and Maintenance

London Borough of Lambeth

Summary of Observations

A number of observations were received in response to the letter dated the 2 August 2019 and a summary of these, along with the responses are below.

Please provide me with any documents in relation to this proposed procurement.

This options appraisal and related documents can be found here: https://moderngov.lambeth.gov.uk/documents/s107578/03c%202020%20Housing%20Service%20Delivery.pdf

What was the rationale for the new contract arrangements for housing services?

The rationale is set out in the Cabinet Member Delegated decision – report title "Design of Housing Services after 2020" dated 8 July 2019, which is available online at:

https://moderngov.lambeth.gov.uk/documents/s107578/03c%202020%20Housing%20Service%20Delivery.pdf

Please find attached the report prepared by Echelon Consultants Limited, which details the options available to the council in respect of its ongoing obligations to provide services to its residents. The report has made a number of recommendations, based on previous data and current industry standards. Please note that the finance information has been removed as this is currently deemed as sensitive due to the pending tender process.

What factors did the options appraisal take into account? Why are you not using a Direct Labour Force or a SME and how have you come to that conclusion? How will this contract represent good value for money?

The options appraisal considered a matrix of considerations (including resident feedback and aspirations) and, on balance, recommended that long-term contracts (contracts exceeding 1 year) represented the best-fit delivery model for some workstreams. Long term contracts offer a delivery mechanism for purchasing services that don't typically lend themselves to direct delivery by Lambeth employees (i.e. highly specialist services; and/or those which cannot guarantee regular and consistent work volumes), and in doing so would adversely affect service costs and/or lead to a prolonged period of service disruption. The appraisal also considered all available delivery routes (including the pros and cons of each) against this matrix of considerations in making its recommendations.

An integral part of the options appraisal was to consider lessons learnt in the industry/sector, those presented by Council service leads during officer workshops, and those fed back in resident workshops – together with the consultants experience of doing housing options appraisals for numerous councils and other social housing providers. There is not however a discrete formal options appraisal – other than informal papers used to prompt workshop discussion.

The detailed design and specification of the proposed long-term contracts are yet to be completed and there are a number of officer and resident task groups (including a

London Borough of Lambeth Homeownership and Rents PO BOX 734 Winchester SO23 5DG Telephone: 0207 926 6521
Email: HMHomeOwnership@lambeth.gov.uk

commercial task group) that are working on various aspects of the design to ensure that the contracts are fit for purpose, socially responsible, embed a robust performance management framework, give flexibility to the council, instil ongoing competition amongst providers and represent value for money.

Whilst the design and specification stage is still in progress, the council is proposing the following features within it contracts:

- More straightforward forms of contract
- Financially incentivised KPIs that focus on the most important aspects of service delivery
- Create flexibility through clearly set out no-fault termination provisions
- Avoid geographical exclusivity and guarantees of work where possible
- The Council to have a say in the appointment of subcontractors

What evidence do you have that 'long term contracts also create pricing economies'?

There are a number of considerations taken into account when deciding to enter into a QLTA. This includes the cost of procurement, which can be anywhere up to £400k per procurement; the time it takes to procure a contract of this nature, which ordinarily takes approximately 18 months; ensuring that we attract competition to ensure the authority can demonstrate value for money (VFM). To ensure the contract continues to reflect VFM, the contractual periods have also been designed to encourage providers to deliver the best service they can in the hope of securing extensions in the future. Our approach reflects this but also provides us with improved leverage to re-negotiate and secure value for money through the life of the contract. In addition, there will be yearly contract reviews to ensure that the contract continues to provide best value.

What was the role of the resident's panel?

The purpose of the panel is not to decide on procurement options, but to ensure resident views and aspirations are captured and considered in the wider matrix of factors.

A panel of residents has been established who will continue to provide support to the procurement process from a resident's perspective. The Council has established a series of resident workshops to look at specific procurement issues throughout the design and specification stage.

5

In what capacity and how many Lambeth residents have been involved with the proposed procurement? How have their views been considered?

Website: www.lambeth.gov.uk

The council has complied with the formal consultation process as set at Regulation 5(2) and Schedule 2 to the Service Charges (Consultation Requirements) (England) Regulations 2003 (the "2003 Regulations"). Whilst we cannot supply personal details of to whom notices were sent to specifically, correspondence was sent to all leaseholders, Tenant Management Organisations and two recognised tenants associations in line with Section 29 of the Landlord and Tenant Act 1985.

Request for information relating to the proposed contracts

Section 20 of the Landlord and Tenant Act 1985 as amended by Section 151 of the Commonhold and Leasehold Reform Act 2002 are distinct pieces of legislation with different rights and obligations from the Freedom of Information Act 2000. Please note that you can make a formal request to the FOI team for this information but commercially sensitive information is likely to be withheld in accordance with Section 43 of the Freedom of Information Act.

Who did you send a Section 20 to?

Whilst we cannot supply personal details of to whom notices were sent to specifically, correspondence was sent to all leaseholders, Tenant Management Organisations and two recognised tenants associations in line with Section 29 of the Landlord and Tenant Act 1985.

For information explaining what a Section 20 Notice is, view this short film: https://youtu.be/Q_Md5aWBu84

Who do I contact about the current service providers?

Caretaking Services: To contact your local housing caretaker or concierge operator during normal office hours contact us on 020 7926 6000.

Communal cleaning: If you feel there is a problem with the cleaning or you would like to register a complaint about the standard of cleaning, call us on 020 7926 6000.

6

Your Ref: «Property Ref»

Property Address: «Prop Address 1, Prop Address 2»

DATE: 22 April 2021

Contract 1 Part 1: Repairs and Voids (North Area)

From the tenders received, the London Borough of Lambeth proposes to accept the tender from Fortem Solutions Limited from the 12 July 2021 to the 11 July 2027 for Repairs and Voids (North Area), with an option to extend for a further eight years (split into two sets of 4 years). Before we can do that, we must have regard to any observations received.

Due to the size and vital nature of this service, the Council also proposes to issue Breyer Group (who placed second to Fortem Solutions in the tender exercise) a reserve contract. This reserve contract will only be called upon and bear costs should the contract with Fortem Solutions Limited fail and/or be unable to deliver required services.

Cost

As services provided under this contract are only provided when required, we are unable to provide with you with an estimated cost to your individual property, block or estate. When required all services will be provided in line with Fortem Solutions tendered schedule of rates. Due to this, in line with various Government guidelines, documents pertaining to the schedule of rates are available to view electronically, on request using the observation process detailed on pages 2 and 3 of this letter. If you do not have access to view documents electronically, please telephone 0207 926 6521.

This notice is served under Section 20 of the Landlord & Tenant Act 1985 (as amended by section 151 of the Commonhold & Leasehold Reform Act 2002) and Regulation 5(2) and Schedule 2 to the Service Charges (Consultation Requirements) (England) Regulations 2003 (the "2003 Regulations").

Full Details of Proposed Supplier

Fortem Solutions Limited's registered office is Keynes House, Tilehouse Street, Hitchen, Hertfordshire. SG5 2DW. The company number is 04638969.

Connection between London Borough of Lambeth and the Proposed Supplier

For the purposes of paragraph 4(3) of Schedule 2 to the 2003 Regulations, there is no connection between the Landlord and Fortem Solutions Limited.

Please note:

This notice is given following the notice of intention to enter into a long-term agreement as detailed on page 1 of this letter.

The written observations in relation to the notice of intention received during the consultation are summarised on pages 4-6 of this letter.

London Borough of Lambeth Homeownership and Rents PO BOX 734 Winchester SO23 5DG Telephone: 0207 926 6521 Email: HMHomeOwnership@lambeth.gov.uk

Details on how to make an observation relating to this proposal along with the deadline in which to do so, can be found on pages 2 and 3 of this letter.

Supporting documents to show pricing and how this proposal was reached are available to view on request by using the observation process detailed on pages 2 and 3 of this letter.

Website: www.lambeth.gov.uk

8

Frequently Asked Questions

Why have I received this Notice?

London Borough of Lambeth is seeking to replace contracts it uses to provide services to its tenants, leaseholders and homeowners. You have received these notices because you are a London Borough of Lambeth leaseholder or homeowner and hence by law and by the terms of your lease, we must consult with you via a Section 20 Notice. Many of the services covered by this Notice are rechargeable to leaseholders and homeowners and if we do not consult with you, we are not able to recharge our full costs.

I do not receive some or all of the services detailed in the notices so why am I being consulted, and will I be charged?

This is a borough wide consultation, hence we consult with all tenants, leaseholders and homeowners. You will only be charged for services that you receive in your block and/or on your estate.

My property is part of a block or estate managed by a Tenant Management Organisation (TMO) who provide these services directly. Why am I being consulted and will the services currently being provided by my TMO be replaced by those provided under these contracts?

This notice is a borough wide Section 20 consultation to all Lambeth Council homeowners regardless of if they would receive services under the proposed new contracts. This is so all homeowners are aware of the proposal and could pose questions should they so wish.

We recognise that you will not receive some or all of the services provided by our newly procured providers because they are provided directly by your Tenant Management Organisation (TMO), however, by sending you the notice, we are simply inviting you to make comment should you so wish. We have no intention of imposing these services upon you/your TMO hence once any proposed new contract goes live, you will continue to receive your services via your TMO as you do now.

I would like to view documents relating to this consultation, how can I view these considering the current pandemic?

Our offices remain closed for all but urgent issues, however you can request documents via the contact details contained in this letter and we are able to provide these to you electronically.

Legislation requires that I have 30 days to make observations, why are you allowing 34?

13

We add an additional 4 days onto the statutory allowance to allow for postage times.

Why are we proposing to enter into a long-term agreement?

Having reviewed its current housing service delivery arrangements, the Council considers that long-term agreements represent the best delivery mechanism for some of its service areas. A long-term agreement is one that lasts longer than 12 months.

The Council intends to design and use long-term contracts for purchasing services that do not typically lend themselves to direct delivery by Lambeth employees. These include highly specialist services, those which cannot guarantee regular and consistent work volumes, and those where moving to direct delivery would adversely affect service costs or lead to a prolonged period of service disruption.

Long-term contracts will provide an opportunity to continually improve services; deliver services in a consistent manner; increase cost certainty; and avoid repeated procurement exercises and the associated costs and delays these bring. Long-term contracts also create pricing economies by virtue of their scale and longevity and instil a heightened willingness for contractors to invest in the borough. The Council has however built in flexibility into the long-term contracts, such as by making no-fault termination provisions, to ensure that it can deliver services in an alternative way should it so wish in the future.

How were the preferred bidders identified?

Following the successful completion of this Notice of Intention consultation, the council designed the long-term agreements. These were then advertised in the Official Journal of the European Union ("OJEU"), for interested parties to submit their initial interest in tendering for the contracts. A Pre-Qualification and Shortlisting stage then took place to ensure those that showed an interest had the ability to provide the services required. Those who passed this stage were then invited to submit full tenders which were evaluated based on both cost and quality criteria. The tenders that scored highest across all the criteria then became the preferred bidders as detailed in the enclosed notices.

The Council Cabinet members approved the process and preferred bidders based on a report submitted to then on the 15 March 2021. A copy of that report can be found here http://moderngov.lambeth.gov.uk/ieDecisionDetails.aspx?ID=7800

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The reserve contracts will bear no costs to the Council nor residents unless they called upon in the above-mentioned circumstance.

Although the other contracts within this consultation also provide vital services, the risk of those contractors being unable to provide services or being able to cover the services in the event of a failure is significantly lower. Due to this the Council deems it unnecessary to provide a reserve service for them.

Previously my property was covered by contractors serving the Central Area, why is it now being covered under a contract for the North Area?

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To mitigate risks of any potential service failures covering both the North and South areas of the borough, contractors were only able to win a tender to provide a particular service in the north or south of the borough could not win the tender for both.

How will these new contracts affect the services that I currently receive?

Once the new contracts are mobilised, the previous contracts will cease, and all services will be provided under the new contracts.

How will I be charged for these contracts? Where do these fees show up in our service charge bill? Are they separate?

You will be only be charged for services provided by these contracts if your property, block and/or estate receives the service. As per the previous contracts, you will be charged for these services within your yearly service charges and the costs will be split in line with your lease using the rateable values for your individual property, your block and your estate (where applicable). Each charge will be shown separately under the existing headers contained in your service charge invoices.

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Each contract has been set up so that costs to each property, block and estate can be clearly identified, this ensures that you are only charge for services that you have received.

How will the Council ensure costs are kept to a minimum?

The new contracts adopt straight forward pricing arrangements that are auditable and offer transparency to service charge payers. Furthermore, contractors will be required to work to a series of key performance indicators KPIs), developed with residents to reflect service priorities.

The Council is building a contract scrutiny and cost management team to assess payment applications and apply a governance structure across all contracts. We are also continuing with the rollout of handheld mobile working technology to streamline physical inspections of work.

How will you ensure the contracts are robustly managed?

The Council recognises the need for strong contract management and is expanding a contract scrutiny and cost management team to forensically assess payment applications and apply a governance structure across all contracts. The Council is confident that this team and governance structure, together with embedding a performance management framework and financially linked KPIs, will allow it to robustly manage the intended long-term contracts.

Will you be applying lessons learnt?

Whilst the current contracting arrangements have mostly delivered the required volume of work, there have been a number of lessons which the Council has learnt.

The Council has applied this learning to the new contracts in the following ways:

- More straightforward forms of contract
- Embedded a contract scrutiny and governance oversight across all new delivery arrangements
- Financially incentivised KPIs that focus on the most important aspects of service delivery
- Created flexibility through clearly set out no-fault termination provisions
- Avoided geographical exclusivity and guarantees of work where possible
- The Council will have a say in the appointment of subcontractors
- Involved residents in service design; and the evaluation and monitoring of contracts.

How long will the agreement last?

The length of each agreement is detailed in each of the enclosed notices.

16

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What are the next steps?

London Borough of Lambeth is now consulting with you as our homeowners and is inviting you to make observations. After this consultation period has ended, we must give any observations due regard and reply to these. Should any observations raise an unforeseen issue that proves the contracts not suitable then we will need to revisit the tendering process to make amendments, however if this is not the case, once all observations have received due regard the Council will proceed in awarding the contracts to the preferred bidders and begin to mobilise the service.

What do you mean by responsive repairs and maintenance and voids?

Responsive repairs, including void property repairs, refers to work that is typically done in a reactive manner (usually reported by residents or identified by housing staff) and does not tend to form part of a planned project.

General repairs are those carried out to any occupied property, block or estate, whereas Void repairs are those carried out empty Council homes to ready them for new tenants.

What do you mean by Communal Gas and Mechanical Services?

These are works and servicing required to communal gas installations such as communal boilers and all associated mechanical such as communal heating and water supplies.

What do you mean by Domestic Gas Services?

These are works and servicing provided to gas installations in individual properties.

What do you mean by Electrical Services?

These services relate to works and servicing (beyond basic residential repairs) required to electrical installations required to individual properties, block and estates.

What do you mean by lift repairs and maintenance?

This relates to works and servicing required to lifts in blocks and in individual properties. This includes lifting equipment such as stair lifts and hoists in individual homes.

Why doesn't Lambeth provide these services in-house and employ officers to carry out these duties?

An evaluation of the options for delivering the service determined that bringing the service in-house would be a higher risk option in terms of service delivery and cost.

Will the council be getting independent advice and support?

In order to design and procure the intended long-term agreements, the Council will employ the services of a professional consultancy to help deliver a range of specialist procurement services.

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The services included are as follows:

- Service design
- Specification development
- Procurement advice
- Mobilisation
- Training and recruitment

Can I take part in the next steps of this process?

If you are interested in taking part in this process, please sign-up to the Lambeth 500+, ensuring to state your interest in the housing services procurement process. A council representative will be in contact when any relevant opportunities for involvement arise. You can sign-up using the addresses below:

www.lambeth.gov.uk/council-tenants-and-homeowners/get-involved/lambeth-500

Who do I contact about the current service providers?

Repairs: If you want to request a repair, please call our Lambeth Housing Management Contact Centre on 020 7926 6000. You can also request repairs online https://www.lambeth.gov.uk/housing/council-and-social-housing/request-a-repair-toa-council-house.

To report an emergency repair outside of normal working hours (including on a bank holiday or weekend) please call our Lambeth Housing Management Contact Centre on 020 7926 6000.

Caretaking Services: To contact your local housing caretaker or concierge operator during normal office hours contact us on 020 7926 6000.

Report a communal light repair: If you notice that a lamppost or stairwell light needs repairing visit: https://www.lambeth.gov.uk/parking-transport-and-streets/street-androad-maintenance/report-a-faulty-street-light

Pest control services: If you think you are infested with these pests, or would like advice about dealing with them, call us on 020 7926 6000 or contact your area housing office who will arrange for a pest control contractor to visit you. Service charges, altering your home, subletting: Please email us on HMhomeownership@lambeth.gov.uk or call us on 0207 926 1116.

I have a question about this letter.

If you would like to raise a query or an Observation about this letter please contact us via the following methods:

- Online via our E-Form: https://www.lambeth.gov.uk/forms/homeowners-majorworks-written-observation-form-section-20
- Email the Section 20 Consultation Team at: HMhomeownership@lambeth.gov.uk. Please state 'Section 20 Observation' in the subject box.
- Post: London Borough of Lambeth, Home Ownership Services, PO Box 734, Winchester, SO23 5DG, quoting 'Section 20 Observation' in the letter.

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Email: HMHomeOwnership@lambeth.gov.uk



« Leaseholder Name, Second Leaseholder Name, Third Leaseholder Name_»

/The Current Leaseholder(s)

«Contact Address Line 1»

«Contact Address Line 2»

«Contact Address Line 3»

«Contact Address Line 4»

«Contact Address Line 5»

«Contact Address Line 6»

Property Reference: «Property Ref»

Property Address: «Prop Address 1, Prop Address 2» Scheme Reference: HOS/HOUSCONTRACT/AUG2019

Date: 22 April 2021

Dear « Leaseholder Name, Second Leaseholder Name, Third Leaseholder Name_» / The Current Leaseholder(s),

Re: Notice of Proposal Housing Services Contracts

We wrote to you on 2 August 2019 to advise that multiple 'Qualifying Long Term Agreement' contracts which are used to provide services to London Borough of Lambeth's tenants and homeowners were due to expire. This notice also consulted with you on our intention to enter into a competitive procurement process to replace them. The consultation period in respect of the notice of intention ended on 7 September 2019.

The procurement process for several of these replacement contracts has now progressed to the stage where we have identified preferred bidders. In line with legislation, this letter is to carry out the second and final part of the consultation process (known as the Notice of Proposal) which we must conduct before we can formally award the contract to those preferred bidders.

Please find enclosed with this letter:

Notice of Proposals for:

- Contract 1 Part 1: Responsive Repairs and Voids
- Contract 1 Part 2: Communal Gas and Mechanical Services
- Contract 1 Part 3: Domestic Gas Services
- Contract 1 Part 4: Electrical Services
- Contract 2: Lift Services

Each of these notices details the proposed contracts and invites you to make observations on each proposal within 34 days of the date of this letter.

Please also find included a set of Frequently Asked Questions and a summary of observations (with responses) received during our previous consultation period.

If you have any queries regarding any part of this letter, please contact us directly on 020 7926 6521 or HMhomeownership@lambeth.gov.uk for any further assistance.

For information on the Section 20 process and why we have sent this notice to you please visit our video here:

https://www.youtube.com/watch?v=Q_Md5aWBu84&feature=youtu.be

Selling your Home

You should keep these documents in a safe place, and if you sell your home they should be passed on to your solicitor. In cases where the ownership of the property changes hands during the consultation period, it is important that this statutory notice is disclosed to the purchaser. It is reasonable for Lambeth Council to expect the new leaseholder to have received copies of this documentation from the seller. It is not necessary for Homeownership Services on behalf of the London Borough of Lambeth to re-start the consultation process.

Tenant Management Organisations (TMO)

If your property is located in a block or on an estate managed by a TMO, we recognise that these services may not be supplied to you by Lambeth Council. Please see the included Frequently Asked Questions for more information on services that are provided directly by your TMO.

Observations

You may have already been in contact, but now that you have more information, you may wish to get in contact again. If you do, we invite you to send in your written observation in relation to the proposed contract. Your observation (should you choose to send one in) must be received by one of the methods detailed below by the 26 May 2021. This is 34 days from the date of this letter and when the relevant period ends.

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Ways you can send in an observation if you choose to.

- Online via our E-Form: https://beta.lambeth.gov.uk/housing/housing-repairs/major-works-your-home/submit-observation
- Write to the London Borough of Lambeth, Homeownership & Rents, PO Box 734, Winchester, SO23 5DG.

If you choose to contact us in writing please include reference HOS/HOUSCONTRACT/AUG2019 making it clear that you are sending in a Section 20 Observation. By doing this, you are ensuring it gets to the correct team quickly.

Alternatively, you may find it easier to call and speak with someone directly. Our friendly Major Works team within Homeownership & Rents are here to answer any questions you have. You can call the team directly on 0207 926 6521 Monday to Friday 9am to 5pm. If you prefer, there is also a live chat facility 'Tawk' on our website https://beta.lambeth.gov.uk/housing/finding-home/social-housing/contact-lambeth-housing/homeownership-services

Thank you for taking the time to read this letter carefully.

Kind regards

Mr Salim Khan Project Manager

Repairs and Maintenance

London Borough of Lambeth

Email: HMHomeOwnership@lambeth.gov.uk Website: www.lambeth.gov.uk

Summary of Observations

A number of observations were received in response to the letter dated the 2 August 2019 and a summary of these, along with the responses are below.

Please provide me with any documents in relation to this proposed procurement.

This options appraisal and related documents can be found here: https://moderngov.lambeth.gov.uk/documents/s107578/03c%202020%20Housing%20Servi ce%20Delivery.pdf

What was the rationale for the new contract arrangements for housing services?

The rationale is set out in the Cabinet Member Delegated decision – report title "Design of Housing Services after 2020" dated 8 July 2019, which is available online at:

https://moderngov.lambeth.gov.uk/documents/s107578/03c%202020%20Housing%20Servi ce%20Delivery.pdf

Please find attached the report prepared by Echelon Consultants Limited, which details the options available to the council in respect of its ongoing obligations to provide services to its residents. The report has made a number of recommendations, based on previous data and current industry standards. Please note that the finance information has been removed as this is currently deemed as sensitive due to the pending tender process.

What factors did the options appraisal take into account? Why are you not using a Direct Labour Force or a SME and how have you come to that conclusion? How will this contract represent good value for money?

The options appraisal considered a matrix of considerations (including resident feedback and aspirations) and, on balance, recommended that long-term contracts (contracts exceeding 1 year) represented the best-fit delivery model for some workstreams. Long term contracts offer a delivery mechanism for purchasing services that don't typically lend themselves to direct delivery by Lambeth employees (i.e. highly specialist services; and/or those which cannot guarantee regular and consistent work volumes), and in doing so would adversely affect service costs and/or lead to a prolonged period of service disruption. The appraisal also considered all available delivery routes (including the pros and cons of each) against this matrix of considerations in making its recommendations.

An integral part of the options appraisal was to consider lessons learnt in the industry/sector, those presented by Council service leads during officer workshops, and those fed back in resident workshops - together with the consultants experience of doing housing options appraisals for numerous councils and other social housing providers. There is not however a discrete formal options appraisal – other than informal papers used to prompt workshop discussion.

The detailed design and specification of the proposed long-term contracts are yet to be completed and there are a number of officer and resident task groups (including a

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commercial task group) that are working on various aspects of the design to ensure that the contracts are fit for purpose, socially responsible, embed a robust performance management framework, give flexibility to the council, instil ongoing competition amongst providers and represent value for money.

Whilst the design and specification stage is still in progress, the council is proposing the following features within it contracts:

- More straightforward forms of contract
- Financially incentivised KPIs that focus on the most important aspects of service delivery
- Create flexibility through clearly set out no-fault termination provisions
- Avoid geographical exclusivity and guarantees of work where possible
- The Council to have a say in the appointment of subcontractors

What evidence do you have that 'long term contracts also create pricing economies'?

There are a number of considerations taken into account when deciding to enter into a QLTA. This includes the cost of procurement, which can be anywhere up to £400k per procurement; the time it takes to procure a contract of this nature, which ordinarily takes approximately 18 months; ensuring that we attract competition to ensure the authority can demonstrate value for money (VFM). To ensure the contract continues to reflect VFM, the contractual periods have also been designed to encourage providers to deliver the best service they can in the hope of securing extensions in the future. Our approach reflects this but also provides us with improved leverage to re-negotiate and secure value for money through the life of the contract. In addition, there will be yearly contract reviews to ensure that the contract continues to provide best value.

What was the role of the resident's panel?

The purpose of the panel is not to decide on procurement options, but to ensure resident views and aspirations are captured and considered in the wider matrix of factors.

A panel of residents has been established who will continue to provide support to the procurement process from a resident's perspective. The Council has established a series of resident workshops to look at specific procurement issues throughout the design and specification stage.

5

In what capacity and how many Lambeth residents have been involved with the proposed procurement? How have their views been considered?

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The council has complied with the formal consultation process as set at Regulation 5(2) and Schedule 2 to the Service Charges (Consultation Requirements) (England) Regulations 2003 (the "2003 Regulations"). Whilst we cannot supply personal details of to whom notices were sent to specifically, correspondence was sent to all leaseholders, Tenant Management Organisations and two recognised tenants associations in line with Section 29 of the Landlord and Tenant Act 1985.

Request for information relating to the proposed contracts

Section 20 of the Landlord and Tenant Act 1985 as amended by Section 151 of the Commonhold and Leasehold Reform Act 2002 are distinct pieces of legislation with different rights and obligations from the Freedom of Information Act 2000. Please note that you can make a formal request to the FOI team for this information but commercially sensitive information is likely to be withheld in accordance with Section 43 of the Freedom of Information Act.

Who did you send a Section 20 to?

Whilst we cannot supply personal details of to whom notices were sent to specifically, correspondence was sent to all leaseholders, Tenant Management Organisations and two recognised tenants associations in line with Section 29 of the Landlord and Tenant Act 1985.

For information explaining what a Section 20 Notice is, view this short film: https://youtu.be/Q_Md5aWBu84

Who do I contact about the current service providers?

Caretaking Services: To contact your local housing caretaker or concierge operator during normal office hours contact us on 020 7926 6000.

Communal cleaning: If you feel there is a problem with the cleaning or you would like to register a complaint about the standard of cleaning, call us on 020 7926 6000.

6

Your Ref: «Property Ref»

Property Address: «Prop Address 1, Prop Address 2»

DATE: 22 April 2021

Contract 1 Part 1: Repairs and Voids (South Area)

From the tenders received, the London Borough of Lambeth proposes to accept the tender from Wates Property Services Limited from the 12 July 2021 to the 11 July 2027 for Repairs and Voids (South Area), with an option to extend for a further eight years (split into two sets of 4 years). Before we can do that, we must have regard to any observations received.

Due to the size and vital nature of this service, the Council also proposes to issue Morgan Sindell Property Services Limited (who placed second to Wates Property Services Limited in the tender exercise) a reserve contract. This reserve contract will only be called upon and bear costs should the contract with Wates Property Services Limited fail and/or be unable to deliver required services.

Cost

As services provided under this contract are only provided when required, we are unable to provide with you with an estimated cost to your individual property, block or estate. When required all services will be provided in line with Wates Property Services Limited's tendered schedule of rates. Due to this, in line with various Government guidelines, documents pertaining to the schedule of rates are available to view electronically, on request using the observation process detailed on pages 2 and 3 of this letter. If you do not have access to view documents electronically, please telephone 0207 926 6521.

This notice is served under Section 20 of the Landlord & Tenant Act 1985 (as amended by section 151 of the Commonhold & Leasehold Reform Act 2002) and Regulation 5(2) and Schedule 2 to the Service Charges (Consultation Requirements) (England) Regulations 2003 (the "2003 Regulations").

Full Details of Proposed Supplier

Wates Property Services Limited's registered office is Wates House, Station Approach, Leatherhead, Surrey, KT22 7SW. The company number is 01141788.

Connection between London Borough of Lambeth and the Proposed Supplier

For the purposes of paragraph 4(3) of Schedule 2 to the 2003 Regulations, there is no connection between the Landlord and Wates Property Services Limited.

Please note:

This notice is given following the notice of intention to enter into a long-term agreement as detailed on page 1 of this letter.

The written observations in relation to the notice of intention received during the consultation are summarised on pages 4-6 of this letter.

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Details on how to make an observation relating to this proposal along with the deadline in which to do so, can be found on pages 2 and 3 of this letter.

Supporting documents to show pricing and how this proposal was reached are available to view on request by using the observation process detailed on pages 2 and 3 of this letter.

8

Frequently Asked Questions

Why have I received this Notice?

London Borough of Lambeth is seeking to replace contracts it uses to provide services to its tenants, leaseholders and homeowners. You have received these notices because you are a London Borough of Lambeth leaseholder or homeowner and hence by law and by the terms of your lease, we must consult with you via a Section 20 Notice. Many of the services covered by this Notice are rechargeable to leaseholders and homeowners and if we do not consult with you, we are not able to recharge our full costs.

I do not receive some or all of the services detailed in the notices so why am I being consulted, and will I be charged?

This is a borough wide consultation, hence we consult with all tenants, leaseholders and homeowners. You will only be charged for services that you receive in your block and/or on your estate.

My property is part of a block or estate managed by a Tenant Management Organisation (TMO) who provide these services directly. Why am I being consulted and will the services currently being provided by my TMO be replaced by those provided under these contracts?

This notice is a borough wide Section 20 consultation to all Lambeth Council homeowners regardless of if they would receive services under the proposed new contracts. This is so all homeowners are aware of the proposal and could pose questions should they so wish.

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Long-term contracts will provide an opportunity to continually improve services; deliver services in a consistent manner; increase cost certainty; and avoid repeated procurement exercises and the associated costs and delays these bring. Long-term contracts also create pricing economies by virtue of their scale and longevity and instil a heightened willingness for contractors to invest in the borough. The Council has however built in flexibility into the long-term contracts, such as by making no-fault termination provisions, to ensure that it can deliver services in an alternative way should it so wish in the future.

How were the preferred bidders identified?

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This particular contract provides vitally important services which would be extremely hard to provide cover for should the appointed contractor fail and/or be unable to provide service. To mitigate this risk the Council proposes to issue a reserve contract to the contractor who placed second in the same tendering process. These reserve contracts can and will only be used in the event the appointed contractor is unable to provide vital services.

The reserve contracts will bear no costs to the Council nor residents unless they called upon in the above-mentioned circumstance.

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To allow for more consistent services and more streamlined contract management, for the purpose of these contracts a decision has been made to split the Borough into only North and South Areas. Due to this, properties that were previously covered by Central Area contracts have now been split between the North and South.

I have been made aware that different contractors were awarded contracts for the same services in the North area, why is this?

To mitigate risks of any potential service failures covering both the North and South areas of the borough, contractors were only able to win a tender to provide a particular service in the North or South of the borough could not win the tender for both.

How will these new contracts affect the services that I currently receive?

Once the new contracts are mobilised, the previous contracts will cease, and all services will be provided under the new contracts.

How will I be charged for these contracts? Where do these fees show up in our service charge bill? Are they separate?

You will be only be charged for services provided by these contracts if your property, block and/or estate receives the service. As per the previous contracts, you will be charged for these services within your yearly service charges and the costs will be split in line with your lease using the rateable values for your individual property, your block and your estate (where applicable). Each charge will be shown separately under the existing headers contained in your service charge invoices.

London Borough of Lambeth Homeownership and Rents **PO BOX 734** Winchester SO23 5DG

Email: HMHomeOwnership@lambeth.gov.uk

Website: www.lambeth.gov.uk

Each contract has been set up so that costs to each property, block and estate can be clearly identified, this ensures that you are only charge for services that you have received.

How will the Council ensure costs are kept to a minimum?

The new contracts adopt straight forward pricing arrangements that are auditable and offer transparency to service charge payers. Furthermore, contractors will be required to work to a series of key performance indicators KPIs), developed with residents to reflect service priorities.

The Council is building a contract scrutiny and cost management team to assess payment applications and apply a governance structure across all contracts. We are also continuing with the rollout of handheld mobile working technology to streamline physical inspections of work.

How will you ensure the contracts are robustly managed?

The Council recognises the need for strong contract management and is expanding a contract scrutiny and cost management team to forensically assess payment applications and apply a governance structure across all contracts. The Council is confident that this team and governance structure, together with embedding a performance management framework and financially linked KPIs, will allow it to robustly manage the intended long-term contracts.

Will you be applying lessons learnt?

Whilst the current contracting arrangements have mostly delivered the required volume of work, there have been a number of lessons which the Council has learnt.

The Council has applied this learning to the new contracts in the following ways:

- More straightforward forms of contract
- Embedded a contract scrutiny and governance oversight across all new delivery arrangements
- Financially incentivised KPIs that focus on the most important aspects of service delivery
- Created flexibility through clearly set out no-fault termination provisions
- Avoided geographical exclusivity and guarantees of work where possible
- The Council will have a say in the appointment of subcontractors
- Involved residents in service design; and the evaluation and monitoring of contracts.

How long will the agreement last?

The length of each agreement is detailed in each of the enclosed notices.

Website: www.lambeth.gov.uk

What are the next steps?

London Borough of Lambeth is now consulting with you as our homeowners and is inviting you to make observations. After this consultation period has ended, we must give any observations due regard and reply to these. Should any observations raise an unforeseen issue that proves the contracts not suitable then we will need to revisit the tendering process to make amendments, however if this is not the case, once all observations have received due regard the Council will proceed in awarding the contracts to the preferred bidders and begin to mobilise the service.

What do you mean by responsive repairs and maintenance and voids?

Responsive repairs, including void property repairs, refers to work that is typically done in a reactive manner (usually reported by residents or identified by housing staff) and does not tend to form part of a planned project.

General repairs are those carried out to any occupied property, block or estate, whereas Void repairs are those carried out empty Council homes to ready them for new tenants.

What do you mean by Communal Gas and Mechanical Services?

These are works and servicing required to communal gas installations such as communal boilers and all associated mechanical such as communal heating and water supplies.

What do you mean by Domestic Gas Services?

These are works and servicing provided to gas installations in individual properties.

What do you mean by Electrical Services?

These services relate to works and servicing (beyond basic residential repairs) required to electrical installations required to individual properties, block and estates.

What do you mean by lift repairs and maintenance?

This relates to works and servicing required to lifts in blocks and in individual properties. This includes lifting equipment such as stair lifts and hoists in individual homes.

Why doesn't Lambeth provide these services in-house and employ officers to carry out these duties?

An evaluation of the options for delivering the service determined that bringing the service in-house would be a higher risk option in terms of service delivery and cost.

Will the council be getting independent advice and support?

In order to design and procure the intended long-term agreements, the Council will employ the services of a professional consultancy to help deliver a range of specialist procurement services.

London Borough of Lambeth Homeownership and Rents PO BOX 734 Winchester SO23 5DG Telephone: 0207 926 6521 Email: HMHomeOwnership@lambeth.gov.uk

The services included are as follows:

- Service design
- Specification development
- Procurement advice
- Mobilisation
- Training and recruitment

Can I take part in the next steps of this process?

If you are interested in taking part in this process, please sign-up to the Lambeth 500+, ensuring to state your interest in the housing services procurement process. A council representative will be in contact when any relevant opportunities for involvement arise. You can sign-up using the addresses below:

www.lambeth.gov.uk/council-tenants-and-homeowners/get-involved/lambeth-500

Who do I contact about the current service providers?

Repairs: If you want to request a repair, please call our Lambeth Housing Management Contact Centre on 020 7926 6000. You can also request repairs online https://www.lambeth.gov.uk/housing/council-and-social-housing/request-a-repair-toa-council-house.

To report an emergency repair outside of normal working hours (including on a bank holiday or weekend) please call our Lambeth Housing Management Contact Centre on 020 7926 6000.

Caretaking Services: To contact your local housing caretaker or concierge operator during normal office hours contact us on 020 7926 6000.

Report a communal light repair: If you notice that a lamppost or stairwell light needs repairing visit: https://www.lambeth.gov.uk/parking-transport-and-streets/street-androad-maintenance/report-a-faulty-street-light

Pest control services: If you think you are infested with these pests, or would like advice about dealing with them, call us on 020 7926 6000 or contact your area housing office who will arrange for a pest control contractor to visit you. Service charges, altering your home, subletting: Please email us on HMhomeownership@lambeth.gov.uk or call us on 0207 926 1116.

I have a question about this letter.

If you would like to raise a query or an Observation about this letter please contact us via the following methods:

- Online via our E-Form: https://www.lambeth.gov.uk/forms/homeowners-majorworks-written-observation-form-section-20
- Email the Section 20 Consultation Team at: HMhomeownership@lambeth.gov.uk. Please state 'Section 20 Observation' in the subject box.
- Post: London Borough of Lambeth, Home Ownership Services, PO Box 734, Winchester, SO23 5DG, quoting 'Section 20 Observation' in the letter.

London Borough of Lambeth Homeownership and Rents PO BOX 734 Winchester SO23 5DG Telephone: 0207 926 6521

Email: HMHomeOwnership@lambeth.gov.uk



CABINET MEMBER DELEGATED DECISION 24 JUNE 2024

Report title: North Area Repairs and Maintenance

Wards: Clapham East Ward, Clapham Common and Abbeville, Clapham Town, Clapham Park, Streatham Hill West and Thornton, Stockwell East, Kennington, Oval, Myatts Field, Stockwell West and Larkhall, Waterloo and Southbank, Brixton North, and Vauxhall

Portfolio: Deputy Leader of the Council (Housing, Investment and New Homes): Councillor Danial Adilypour

Report Authorised by: Fiona Connolly: Corporate Director for Housing and Adults Social Care

Contact for enquiries: Sophie Taylor: Director of Housing, staylor@lambeth.gov.uk

REPORT SUMMARY

In 2021, Housing Services procured and mobilised ten new contracts, which included responsive repairs. Fortem Solutions Limited (Fortem) were awarded the Lot 1 Contract, for responsive repairs for the North area of Lambeth commencing 12 July 2021. The contract term is a six-year initial term, with two four-year extension options.

There has been continued challenges since the commencement of the contract, coupled with commercial pressures placed on the council to keep the service operating.

Given the evolving challenges and the numerous meetings held with Fortem, it has come to a point that following a period of discussion and negotiation the recommendation is that it is time for the Council to agree an exit strategy with Fortem. Therefore, this report is recommending, and seeking approval for, the council to negotiate an early exit from the contract with Fortem via an exit agreement as detailed in the Recommendations below, and the accompanying Part II report.

The report also recommends a direct award of the North Area Contract to Wates, the incumbent South Area repair and maintenance contractor. This is necessary under the special urgency provision to ensure continuity of delivery for this essential service provision.

FINANCE SUMMARY

The proposed contract with Wates Property Services Ltd for Lot 1 repairs and maintenance services will be for an annual value of £10.316m (£8.599m revenue and £1.717m capital) and a total contract value of £20.632m (£17.197m revenue and £3.434m capital) over the two-year contract term running from 1 August 2024 to 31 July 2026. In addition, there will be a one-off mobilisation cost of £85,167.15. This will be funded from the existing Housing Revenue Account (HRA) budget. The new contract is at a higher cost than the existing arrangement and that increase represents an unbudgeted pressure on the HRA. This will be managed as part of the HRA budget oversight.

RECOMMENDATIONS

- 1. To approve and authorise the exit from Lot 1 of the Repair and Maintenance Contract with Fortem Solutions Limited dated 15 March 2021 through an exit agreement as detailed in the accompanying Part II report.
- 2. To approve an award of contract for Lot 1 services to Wates Property Services Ltd for repairs and maintenance services. This will be for a period of two years from 1 August 2024 to 31 July 2026 at an annual value of £10.316m and a total contract value of £20.632m. In addition, there will be a one-off mobilisation cost of £85,167.15.

REASONS FOR EXEMPTION FROM DISCLOSURE

The accompanying part II report is exempt from disclosure by virtue of the following Paragraphs of schedule 12A to the Local Government Act 1972:

- 3. Information relating to the financial or business affairs of a particular person. (Including the authority holding that information)
- 5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

CONTEXT

- 1.1 This is a Gateway three report.
- 1.2 The current Repairs and Maintenance contracts were procured in 2021.
- 1.3 Fortem were awarded the Lot 1 Contract which commenced on 12 July 2021. This was to deliver responsive repairs for the North of the Borough.
- 1.4 The contract term is a six-year initial term, with two four-year extension options. The contract length is until 12 July 2027, with a break provision which gives the Council the right to terminate the Contractor's employment after the fourth anniversary (July 2025) of the commencement of the contract term.
- 1.5 The repairs and maintenance service is aligned against the ambitions set out in the 2030 Lambeth Borough Plan. The Plan emphasises the council's commitment to accelerating good quality housing that is safe, secure, and sustainable. The contract is designed to improve social, economic and environmental equality. It is also aligned with the Lambeth Housing Strategy, A place we can all call home 2024-2030.

PROPOSAL AND REASONS

2.1 Issues have arisen in relation to the commercial status of the contract. This was unforeseen. The council has now concluded that the differing contractual positions held by both parties cannot be resolved. However, there is no contractual option to terminate the contract until July 2025, therefore this report is recommending that the council undertake an early exit from the contract with Fortem.

- 2.2 In order to ensure a clean break from the contract, the recommendation is that a commercial approach is taken to progress and conclude the issues in the form of an exit agreement.
- 2.3 The report also recommends that the council proceeds with a direct award of the North Area Contract to Wates, the incumbent South Area repair and maintenance contractor. This decision needs to be taken under the special urgency provisions contained in the Council's Constitution in order to ensure continuity of delivery for this essential service provision.
- 2.4 The process of direct award is captured in the legal comments paragraph 4.5.
- 2.5 The exit agreement has been managed by Senior Officers in the Housing Department, with the support of the councils Monitoring Officer.
- 2.6 Given the situation as covered above, the council is not able to re-procure this contract within the time period available, hence the need to have a contract with Wates for two years, to maintain service delivery, whilst future procurement is considered.
- 2.7 It is recommended that it is the best option to directly award to Wates as it provides continuity of delivery by an existing provider and a transition that is not negatively felt by residents; is a cost-effective option; the provider has a good track record of delivery and performance on current contract; and the provider has experience of delivering against a Price Per Property (PPP) and Price Per Void (PPV) model.
- 2.8 It is noted that as part of the 2021 tender, a reserve contractor was recommended for the North. However, following discussions with the reserve contractor around the remaining length of contract and a review of the commercial model it was agreed that the reserve contractor would not be taking up the contract.
- 2.9 The mobilisation of the new contract will be overseen by a dedicated team of senior officers in Housing, in order to ensure an effective transition from Fortem to Wates.

Contract Management

- 2.10 The council recognises that robust contract management is an essential part of the broader procurement process. Contract and performance management has, therefore, featured heavily in various officer, resident and member workshops and meetings.
- 2.11 The contract will have a suite of Key Performance Indicators (KPIs) that incorporate financial remedies if agreed targets are not met. To enable Wates to mobilise effectively we will apply a KPI implementation period of nine months; KPI's will be measured but any deviation from that measurement will not attract a service credit payment to the council.
- 2.12 Performance reports will be produced monthly and reviewed by the Senior Housing Management Team. Contract and performance review meetings will be held monthly, quarterly and annually.
- 2.13 The annual review(s) will ensure that KPI data is reviewed and any actions arising are considered, that any issues which create productivity to fall will be addressed, the lessons learnt are applied to future years and continuous improvement is identified to improve the performance of the contract.

FINANCE

- 3.1 The proposed contract with Wates Property Services Ltd for Lot 1 repairs and maintenance services will be for an annual value of £10.316m (£8.599m revenue and £1.717m capital) and a total contract value of £20.632m (£17.197m revenue and £3.434m capital) over the two-year contract term running from 1 August 2024 to 31 July 2026. In addition, there will be a one-off mobilisation cost of £85,167.15.
- 3.2 The contract will be funded from the existing revenue budget in the Housing Revenue Account (HRA). The new contract is at a higher cost than the existing arrangement and that increase represents an unbudgeted pressure on the HRA.

LEGAL AND DEMOCRACY

- 4.1 The Council has both statutory and contractual obligations to keep tenants (both secure and leasehold) dwellings in repair. Failure to do repair and maintain such dwellings within a reasonable time can result in legal proceedings resulting in damages and legal costs having to be paid out. Further, failure to comply with its repairing obligations can give rise to adverse findings by the Regulator of Social Housing against the Council.
- 4.2 Under section 20 of the Landlord and Tenant Act 1985 the contribution the Council can recover from its leaseholders, in respect of works or under qualifying long-term agreements (i.e., more than 12 months), is limited unless the statutory consultation requirements have been met or/in the alternative the council is awarded a dispensation by the Lands Tribunal.
- 4.3 The authority to enact this report's recommendation to award the contract to Wates is delegated to the Deputy Leader of the Council (Housing, Investment and New Homes). Before exercising that authority, this paper has been reviewed by the Procurement Board.
- 4.4 Under the Public Contracts Regulations 2015, contracting authorities may rely on the negotiated procedure without the publication of a contract notice where the works, supplies or services are necessary for reasons of urgency brought about by events unforeseeable by the contracting authority.
- 4.5 This proposed key decision has not been entered in the Forward Plan and so the necessary 28 clear days' notice has not been given. This decision will be taken under the Council 'Special Urgency' provision set out at Part 7, Paragraph 16 of the Council Constitution. A Statement of Urgency notice has been published alongside this report and the Monitoring Officer has agreed that the decision in question is reasonable in all the circumstances and to it being treated as a matter of urgency. The Monitoring Officer has also agreed that the decision will not be subject to the call-in process as any delay caused by the call-in process would substantially prejudice the Council's or the public's interests, as set out in the Part 3, Paragraph L (Page 78) Of the Council's Constitution.

CONSULTATION AND CO-PRODUCTION

- 5.1 The current contract was extensively consulted on and co-produced as set out in 5.1 of the 15 March 2021 CMDDR.
- 5.2 The details of the report have been consulted in line with the audit table.

5.3 The Council must ensure core service delivery, business continuity, safety compliance and provision of good quality housing and living conditions. The proposed award of contract to Wates for the North Area Repair and Maintenance Service enables this.

5.4 Leasehold Consultation

The Council has consultation duties to leaseholders in proposing the award of contract to Wates Property Services for the North Area as part of a Qualifying Long-Term Agreement. In view of the need to ensure service continuity and there being insufficient time to carry out the necessary statutory consultation, an application will be made for dispensation from the consultation requirements. Dispensation is made to First-tier Tribunal (Property Chamber).

5.5 **Tenant Consultation**

The requirement to consult with tenants pursuant to section 105 of the Housing Act 1985 does not apply, on the grounds that the decision to change contractor is not likely to substantially affect them either as a whole, or a group.

RISK MANAGEMENT

6.1 The main risks that impede on the successful delivery of this procurement and contract are:

Table 1 – Risk Register

Item	Risk	Likelihood	Impact	Score	Control Measures
1	Recommended service provider does not agree to elements of the contract prior to direct award being made	2	8	16	Open and transparent discussion with the service provider. As an incumbent, delivering like for like service already, full scope and contractual terms are already understood.
2	Financial Risk - prolonged negotiations may lead to financial strain on the Council and affordability of the contract	3	8	24	Alternative service provider for the North Area identified
3	Engaging and being able to mobilise the alternative contractor in a timely manner	3	4	12	Incumbent contractor with established infrastructure (IT, resources) in the borough means they can quickly mobilise to the North Area
4	Risk that residents may not receive essential repairs and maintenance work in a timely manner	3	8	24	Establish clear protocols for prioritising essential repairs based on urgency and potential health and safety impact. Engage alternative service provider to ensure that critical issues are addressed promptly.

5	Escalation of work volumes — risk of continued increase in work volumes, exacerbating the strain on resources and affecting operational efficiency if the amicable negotiations are not concluded and the recommended award is not taken.	4	4	16	Additional service provider to cope with increasing work volumes.
6	Risk of not completing formal leasehold consultation in a timely manner	3	8	24	With legal counsel and dedicated internal resource (service charge expert) in place to effectively manage process
7	TUPE – if the outgoing contractor fails to present accurate and timely TUPE information to incoming contractors and wait until the statutory 28-day timeframe	3	4	12	We will consider options to assist the contractor.

Key

Likelihood	Very Likely = 4	Likely = 3	Unlikely = 2	Very Unlikely = 1
Impact	Major = 8	Serious = 4	Significant = 2	Minor = 1

EQUALITIES IMPACT ASSESSMENT

7.1 As part of the tender in 2021, an equality impact assessment (EIA) was assessed and cleared by the Member-led Corporate EIA Panel. The EIA not only mitigates negative equality issues but demonstrates that the contracts will make tangible improvements to social equality in the borough.

COMMUNITY SAFETY

8.1 The contracts have been designed to ensure that successful bidders work closely with the Council's neighbourhood housing teams in developing and delivering their Estate Action Plans; including proposals to mitigate crime and disorder on estates (including anti-social behaviour).

ORGANISATIONAL IMPLICATIONS

Environmental

9.1 The original procurement process was designed to ensure that environmental improvements (including carbon footprint reduction and improved air quality) were incorporated into the evaluated bidder method statements and formed an objective weighted part of the final selection process. Moreover, the contract requires that environmental improvement, sustainability and carbon reduction commitments are deliverable within the contractors' commercial envelopes.

Health

9.2 Health and wellbeing was an integral part of the tender procedure and the process has ensured that this featured within the contractor method statements In addition to the tender procedures, the contracts have been designed to ensure a focus on community and care: maintaining and improving estates and neighbourhoods; and providing support to disabled, vulnerable and older adults in maintaining their independence and remaining in their homes. Given the link between and housing and health and wellbeing, this will a positive impact within the borough.

Corporate Parenting

9.3 The proposed contract will help the council maintain its corporate parenting responsibilities by making apprenticeship, training and work placement opportunities more accessible to care leavers - and provide care leavers with additional support during the application process.

Staffing and accommodation

9.4 TUPE applies to the proposed contract and will be between contractor to contractor.

Responsible Procurement

9.5 The council's responsible procurement policy and associated requirements was embedded into the tender and contract design process. Moreover, the process supports an arrangement whereby tenderers are encouraged to offer a corporate contribution; equivalent to 1% of the contract turnover towards the council's Social Value Programme. This will be used to fund social and environmental initiatives and improve equality within Lambeth.

Good Quality Jobs with Fair Pay and Decent Working Conditions

9.6 Wates have made a commitment to pay the London Living Wage in line with the Council's Responsible Procurement Policy. The housing repairs contracts obligate contractors to commit to and demonstrate that their employees are free to join a trade union and are not unfairly treated for belonging to one.

Quality Apprenticeships, targeted Employment for Lambeth residents and Lambeth Priority Group
 9.7 Wates have pledged to advertise jobs and training through Opportunity Lambeth and to ringfence jobs for priority groups, such as ex-offenders, via partnerships such as BounceBack. Wates has set an annual apprenticeship target of approximately one apprentice per £1 million spent, with placements reserved for Lambeth's priority groups.

Reduce Emissions: Lambeth Council has a commitment to being Zero Carbon by 2030

9.8 As the value of the contract will be over £100,000, we will require the supplier to report their emissions from contract delivery (e.g., from transporting the doors to and from site). As set out in the Responsible Procurement Framework, contractors are now required to report on CO2 emissions released in delivery of the Council's contracts, and to report on steps taken to reduce CO2 emissions in delivery of the Council's contracts, and emissions reductions. Carbon neutrality – particularly emission reductions – was designed into the evaluated method statement requirement. Contractors are required to evidence how their approach to fleet management will reduce emissions, demonstrate a general promotion of green energy and achieve the FORS silver accreditation.

Single Use Plastics

9.9 The proposed service provider will adhere to waste hierarchy /WRAP protocols, reduce / ban single use plastics and go paperless. As incumbent, Wates for example, partner with a waste management specialist to remove and recycle waste on its behalf. In addition to being an evaluated method statement requirement/question, the contracts will ensure compliance with ISO14001:2015 – the British Standard for environmental management systems, including waste management and the reduction on the use of landfill.

Positive Health and Wellbeing

9.10 The contract requires contractor to sign up both to the London Healthy Workplace Charter (or equivalent) and Suicide Prevention Strategies. Contractor must also demonstrate how they will meet,

as a minimum, the 'Achievement' standard set out in the Mayor of London's 'London Healthy Workforce Award.'

Other Offers (Innovation)

9.11 The contractor has committed to innovative approaches to employment and training, carbon reduction and community wellbeing.

TIMETABLE FOR IMPLEMENTATION

10.1 The table below details the stages and deadlines for implementing the recommendations:

Activity	Proposed Date
Date published on Forward Plan	Statement of Urgency
Publication on Decisions Online	24 June 2024
Officer or Cabinet Member Decision	24 June 2024
End of Call-in Period (key decisions only)	Statement of Urgency
Execution of Contract	July 2024
Mobilisation Period for Contract	July 2024
Commencement of Contract	31 July 2024

AUDIT TRAIL

Name and Position/Title	Lambeth Directorate	Date Sent	Date Receiv ed	Comments in paragraph:
Councillor Claire Holland	Leader of the Council	11.06.24	12.06.24	Throughout
Councillor Danial Adilypour	Deputy Leader of the Council (Housing, Investment and New Homes)	03.06.24	07.06.24	Throughout
Fiona Connolly, Corporate Director for Housing and Adults Social Care	Housing and Adults Social Care	30.05.20	07.06.06	Throughout
Sophie Taylor, Director	Housing Services	23.05.24	24.05.24	Throughout
Jade Holvey, Associate Director	Housing and Adults Social Care	23.05.24	24.05.24	Throughout
Andrew Marshall, Assistant Director	Housing Capital and Asset Management	23.05.24	24.05.24	Throughout
Andrew Ramsden, Assistant Director	Finance and Property	05.06.24	06.06.24	Finance
Pete Hesketh, Deputy Director	Finance and Property	23.05.24	06.06.24	Finance
Duncan Whitfield, Chief Finance Officer	Finance and Property	06.06.24	06.06.24	Finance
Greg Carson, Legal Services	Legal and Governance	23.05.24	23.05.24	4.1 and 4.3
Michael O'Hora, Legal Services	Legal and Governance	24.05.24	24.05.24	4.4 and 4.5
Raymond Prince, Director of Legal and Governance and Monitoring Officer	Legal and Governance	30.05.24	04.06.24	Throughout
Mark Pearson, Assistant Director Corporate Procurement	Finance and Property	23.05.24	29.05.24	Throughout
Wayne Chandai, Head of Democratic Services	Legal and Governance	30.05.24	04.06.24	Throughout
Cassidy Travers, Head of Climate Change and Sustainability	Climate and Inclusive Growth	24.05.24	24.05.24	Section 9
Funke Bundhoo, Head of Commercial Services	Housing Services	23.05.24	24.05.24	Throughout

Barry Montgomerie, Head of Repairs	Housing Services	23.05.24	24.05.24	Throughout
Tim Fairhurst, Assistant		23.05.24	44.00.04	+-
Director, Neighbourhood Housing	Housing Services		11.06.24	Throughout

REPORT HISTORY

Original discussion with Cabinet Member	29 April 2024
Report deadline	N/A
Date final report sent	N/A
Part II Exempt from Disclosure/confidential	Yes
accompanying report?	163
Key decision report	Yes
Date first appeared on forward plan	Special Urgency
Key decision reasons	2. Expenditure, income or savings in excess of £500,000.3. Meets community impact test.
Background information	A place we can all call home: Lambeth housing strategy 2024–30
Appendices	Appendix A – CMDDR Housing Repair and Maintenance Contracts 2021 Appendix B - EIA

APPROVAL BY CABINET MEMBER IN ACCORDANCE WITH SCHEME OF DELEGATION

I confirm I have consulted Finance, Legal, Democratic Services and the Procurement Board, and

taken account of their advice and comments in completing the report for approval:

Signature: _______ Date: ______

Post: Sophie Taylor Director of Housing

I confirm I have consulted the relevant Cabinet Members, including the Leader of the Council and approve the above recommendations:

Signature: _______ Date: ______

Post: Councillor Danial Adilypour Deputy Leader of the Council (Housing, Investment and New Homes)

Any declarations of interest (or exemptions granted): None.

Any conflicts of interest: None.

Any dispensations: None.

REPORT PROVIDING EVIDENCE TO THE FIRSTTIER TRIBUNAL ON BEHALF OF THE LONDON BOROUGH OF LAMBETH

David Miller – Rand Associates Consultancy Services Ltd dmiller@rand-associates.co.uk

Report for the London Borough of Lambeth

1. Background

I, David Miller, am an Independent Consultant retained by Rand Associates Consultancy Serv ices Ltd ("Rand") who has extensive experience of the maintenance of Social Housing (as set out in Section 7 of this Report) and have been requested by the London Borough of Lambeth ("Lambeth") to provide an overview of the current market conditions for type of Maintenance Contract to be entered into by the London Borough of Lambeth and to produce comparable evidence (in so far as it is available) in order to assist the Tribunal.

2. Criteria for 2021 Procurement

- 2.01 The tender documentation for the North Area Repairs and Voids Service indicated the following data that the 2021 procurement was to be evaluated on:
 - 10,000 Units
 - 250 Voids
 - 600 Out of Hours Callouts
 - 550 daywork Hours
 - £120,000 expenditure on Daywork Materials etc.,
 - 100 Kitchens
 - 100 Bathrooms
 - 10 Cloakrooms/Separate Toilets

3. Comparator Contract in 2024

- 3.01 The following cost estimate is based on the lowest competitive bid received in May 2024 submitted to another London Borough, this information has in part been disseminated to the Leaseholders and other Service Charge payers within that Borough.
- 3.02 The tender was based on the rates and percentage adjustments for the M3NHF Schedule of Rates: Responsive Maintenance and Void Property Works Version 7.2 with Archetype costing for major component renewals, asbestos works and scaffolding fixed to the 31st March 2025 and excluding VAT

Mobilisation costs were tendered separately.

TUPE Costs were tendered separately.

Works for a Third party were tendered separately.

Planned Maintenance was tendered separately.

3.03 The tender was for:

The Responsive Maintenance including Asbestos Remediation, Disrepair Works and Damp, Mould and Condensation Works to 6,800 Units;

Out of hours Callout Service to 9,000 units

Page | 1

Change of Tenancy Works to 190 Voids;

Renewal of Major Components

- · 260 Kitchens;
- 260 Bathrooms;
- 12 Cloakroom/Toilets; and
- 5 Rewires
- 3.04 The value of the tender at first year costs excluding Mobilisation, TUPE and other one-off costs, was £10,677,530 excluding VAT

4 Outturn Costs on Comparator Tender

- 4.01 The costs submitted for the Comparator Contract have been re-allocated in to the format adopted by the London Borough of Lambeth for its 2021 procurement
- 4.02 This exercise results in the following "Lambeth" unit costs excluding VAT for all works to be undertaken up to the 31st March 2025:

The unit cost for Responsive Maintenance excluding Disrepair Works and Damp, Mould and Condensation Works, Dayworks, Out of Hours Callouts and Asbestos equates to £405.00 per Unit maintained.

The unit cost for Responsive Disrepair Works and Damp, Mould and Condensation Works excluding Dayworks, Out of Hours Callouts and Asbestos equates to £340.00 per Unit maintained.

The unit cost for Daywork equates to £40.00 per hour

Preliminaries. Overheads and Profit on Daywork Materials was predetermined by the Client Local Authority at 10%

The unit cost for Out of Hours Callouts equates to £140.00 per callout.

The unit cost for Responsive Asbestos Works equates to £18.25 per unit maintained.

The unit cost for Scaffolding equates to £45.00 per unit maintained.

The cost per Void Property excluding major component renewals equates to £6,125 per Void undertaken.

The cost per Void Property for Asbestos Works equates to £603.50 per Void undertaken.

The average cost for a Kitchen renewal equates to £7,795

The average cost for a Bathroom renewal equates to £4,705

The average cost for a Cloakroom renewal equates to £1,610

4.04 The derived Unit Costs have been applied against the Lambeth North Area 2021 Criteria in the table below:

		Lambeth Quantity	Unit Rate	Extended Total
1	Responsive Maintenance excluding Disrepair Works and Damp, Mould and Condensation Works, Dayworks, Out of Hours Callouts and Asbestos	10,000	£405	£4,050,000
2	Responsive Disrepair Works and Damp, Mould and Condensation Works excluding Dayworks, Out of Hours Callouts and Asbestos	10,000	£340	£3,400,000
3	Dayworks	550 hours	£40.00	£22,000
4	Daywork, Overheads and profit	£120,000	10% Addition	£132,000
5	Out of Hours Callouts	600 callouts	£140	£84,000
6	Responsive Asbestos Works	10,000	£18.25	£182,500
7	Scaffolding	10,000	£45	£450,000
8	Void Property Works	250	£6,125	£1,531,250
9	Void Property Asbestos Works	250	£603.50	£302,500
10	Kitchen Renewals	100	£7,795	£779,500
11	Bathroom Renewals	100	£4,705	£470,500
12	Separate Toilet Renewals	10	£1,610	£16,100
	Total Comparable Tender			£11,420,350

5 Substantiation of the Derived Unit Costs

- 5.01 Price Per Property ("PPP") and Price Per Void ("PPV") Contracts of the type utilised by Lambeth are currently being viewed by the Social Housing Maintenance Contracting sector as not being of benefit to them as they are being perceived as too great a risk to them, this is resulting in Social Housing Provider's moving away from this form of payment mechanism, consequently the availability of data to provide guidance on the current market rate for PPP and PPV is limited.
- 5.02 The information below on PPP and PPV is based on what other Clients of Rand are currently (post 1st April 2024) paying and is derived from benchmarking comparisons undertaken within the Social Housing sector:

London Borough 1 = PPP of £353.76 with a cap of £1,000, and PPV of £3,670.36 with a cap of £6,000 (this excludes any capital works or major component renewal which are reimbursed at tendered archetype rates)

London Borough 2 – PPP of £312.64 plus OH and Profit equating to 62.77% = notional PPP of £508.88 with a capped value of £2,000, and PPV of £2,850 plus OH and Profit of 62.77% = notional PPV of £4,638.95 with a cap of £6,000(this excludes any capital works or major component renewal which are reimbursed at tendered archetype rates)

- Works above the cap on these two Contracts are reimbursable at the rates in the M3NHF Schedule of Rates Version 7.1 or 7.2 (difference between the Versions is the additional SOR Items no changes in base rates) and the Contractor's tendered adjustment to those rates.
- Another example is for a Client Local Authority outside of London they are paying a PPP of £426.10 with no cap, and a PPV of £3,760.88 with no cap on general works, and major component renewal and asbestos works reimbursed at archetype rates.
- 5.05 In addition to the payment of PPP and PPV, the Lambeth contract reimburses the Contractor for payment of Works outside of the PPP and PPV either through the rates of the M3NHF Schedule of Rates Version 7.1 or by payment of the archetype costs of major component renewals i.e. kitchens, Bathrooms etc
- One of the replacement contracts to PPP and PPV, that Rand has been involved in procuring through the NPC Frameworx (see 5.06 below), requires the Bidders to tender overheads and profits separately in addition to a percentage adjustment to the nett rates of the NHF Schedule of Rates Version 7.2 (i.e. printed rate less 15% overheads and 5% profit) (Version 7.2 has the same base rates as Version 7.1 but with additional items of work), this is the same basis upon which the Lambeth contracts reimburse the payment for Works outside of the PPP and PPV, the Contractors who did submit a tender indicated the following adjustments to arrive at a gross tender adjustment to the Schedule of Rates. This facilitate comparison with available benchmark data which is based on the all-inclusive rates in NHF Schedule of Rates Version 7.2 and Contractors tendered percentage adjustments to those rates; The information tabled below was made available to the leaseholders and other Service Charge payers of the Client Authority.

Bidder	Nett Adjustment to Nett M3NHF SOR Ver 7. 2 (SOR rates excluding Overheads and Profit allowance)	Overheads – paid 1/12 th – converted to % on anticipated value of Works	Profit – paid on Value of Works excluding Overheads	Gross Adjustment to Nett M3NHF SOR Ver 7.2 (SOR rates excluding Overheads and Profit allowance)	Gross Adjustment to Gross M3NHF SOR Ver 7.2 (SOR rates including Overheads and Profit)
A - Responsive	+7%	32.60%	2.00%	44.03%	14.14%
B - Responsive	+7%	18.43%	5.00%	32.38%	4.91%
C - Responsive	+26.54%	39.67%	10.75%	90.34%	50.84%
A – Voids	-3.75%	36.06%	2.00%	21.84%	4.70%
B - Voids	+7.00%	18.43%	5.00%	32.38%	4.91%
C - Voids	+15.62%	39.67%	10.75%	74.40%	37.93%

- 5.06 Rand are also the procurement managers for the NHMF NPC National Procurement Consortia, Their Framework NPC 4 Responsive Maintenance and Void Property Works covers the type of works undertaken on the North Area Repairs and Voids Service. The Greater London Region of that Framework has 11 Providers being a mix of National and Regional Contractors.
- 5.07 The tender for this Framework was again on the M3NHF Schedule of Rates: Responsive Maintenance and Void Property Works Version 7.2 with archetype costing for major component renewals.
- 5.08 The percentage adjustments tabled below are in respect of the NPC Greater London Region, and applied to the published rates (i.e. gross rate including overheads and profit), these percentage adjustments applicable post 1st April 2024 are made available to the 600 plus Social Housing and other members of NPC Frameworx for contracting and benchmarking purposes:

	Responsive Works	Void Property Works
Lowest % applicable for Works post 1 st April 2024	7.22%	6.73%
Highest % applicable for Works post 1 st April 2024	37.78%	35.83%
Average % applicable for Works post 1 st April 2024	21.65%	18.60%
Median% applicable for Works post 1 st April 2024	22.21%	17.41%

5.09 The average rates for Kitchens and Bathrooms tabled below are in respect of the NPC Greater London Region, are currently for post 1st April 2024 are, these rates are made available to the 600 plus Social Housing and other members of NPC Frameworx for benchmarking purposes:

	Kitchens	Bathrooms
Lowest rate applicable for Works post 1st April 2024	£5,122.61	£2,868.19
Highest rate applicable for Works post 1st April 2024	£7,771.88	£6,466.12
Average rate applicable for Works post 1st April 2024	£6,383.44	£4,578.43
Median rate applicable for Works post 1 st April 2024	£6,543.17	£4,473.91

- Effects on Market since 2021 6
- Since the North Area Repairs and Voids Services was tendered, contractors within 6.01 the Social Housing maintenance sector have been affected by a number of events outside of their direct control these include but are not limited to:

Brexit and its consequences

- 56.20% of all Construction Materials used in UK in 2021 were imported (£18.62billion)
- 60% of Imported Materials used in UK Construction and Maintenance comes from EU Countries
- 80% of all Softwood comes from EU Countries.
- EU Operatives who left during pandemic and who want to return will be subject to new Immigration regulations.
- Non Tarriff Barriers (NTBs) with the EU introduce additional costs and time impediments to the import of certain materials and components - UK government considers this will be 5-11% increase for goods and 3-14% for services - Delays in checking imports at the Ports
- Implications of a Hard v Soft Brexit

Covid-19 Pandemic and its consequences

- Additional Health and Safety Measures
- Lockdowns only emergency works undertaken by most Clients
- Isolation affecting access and availability of labour.
- Material availability Production, Stocking, Delivery, and Increased DIY activities
- Increases in costs outstripping CPI Inflation

Climate Change and Energy Costs

- Winter Storm Uri affected a number of Chemical plants in Texas affected the production and supply of insulation, paints, adhesives and packaging materials. - costs escalating
- Hotter than normal weather during the summer in Sweden affected the cutting of timber, leading to reduced supplies. (shortage of imported timber led to a 1.3% decline in monthly construction output) Timber yields are also increasingly threatened by wildfires and increased pest action. - costs escalating
- Cold Winter in Europe in 2020/21 resulted in lower levels of gas being stored, a relatively windless summer meant it was difficult to replenish power supplies - costs escalating

Conflict between Russia and Ukraine

- Higher energy costs
- Raw material shortages

Building Safety and Regulations

- Dwellings required to be "Fit for Habitation"
- Actual and Alleged Disrepair Cases No Win No Fee Law Firms
- Insufficient Compliance Inspections and Stock Condition Surveys
- Compliance Gap affected by Covid
- Out of date data

- 6.02 The Causes of Material Price Increases over this period include but are not limited to:
 - Reduced production due to Covid Factory Closures, Climate problems in Texas and Scandinavia;
 - roof tiles on 20 to 36 weeks lead in
 - Cement production 11.21% down in 2021
 - Reduced stock holdings due to Covid "DIY"
 - Congestion at UK and Overseas Ports
 - Containers in the wrong place
 - Suez Canal Blockage
 - Increases in energy costs from Russia/Ukraine conflict
- 6.03 These occurrences have had the effect of increasing the rates Contractors have been offering at tender stage, the table below indicates the results of a survey undertaken pre covid in 2021

Rand data applicable to Version 7 in 2021

Responsive Average	Responsive Median	Voids Average	Voids Median
Minus 8.46%	Minus 9.00%	Minus 8.82%	Minus 8.82%
Minus 7.94%	Minus 8.64%	Minus 8.25%	Minus 9.00%
Minus 9.77%	Minus 9.00%	Minus 10.15%	Minus 10.009
Minus 3.78%	Minus 2.29%	Minus 3.90%	Minus 3.00%
	Minus 8.46% Minus 7.94% Minus 9.77%	Average Median Minus 8.46% Minus 9.00% Minus 7.94% Minus 8.64% Minus 9.77% Minus 9.00%	Average Median Average Minus 8.46% Minus 9.00% Minus 8.82% Minus 7.94% Minus 8.64% Minus 8.25% Minus 9.77% Minus 9.00% Minus 10.15%

6.04 The following table indicates the results in the 4 Quarter of 2022 following Rand having procured the NPC Framework for Responsive Maintenance and Void Property Works

Rand data applicable to Version 7.2 in 4Q 2022

2022				
	Responsive Average	Responsive Median	Voids Average	Voids Median
UK Wide Contractors – Separate Responsive and Void Contracts	Plus 7.97%	Plus 5.00%	Plus 6.90%	Plus 5.00%
England Only Contractors- Separate Responsive and Void Contracts	Plus 7.95%	Plus 5.00%	Plus 7.06%	Plus 5.53%
UK Wide Contractors – Combined Responsive and Void Contracts	Plus 6.98%	Plus 4.50%	Plus 4.37%	Plus 5.00%
England Only Contractors- Combined Responsive and Void Contracts	Plus 7.54%	Plus 5.00%	Plus 5.01%	Plus 5.00%

Based on sample of 88 Contractors Bid over the 12 NUTS Regions of the UK - No DLO's tendered The Spread between the highest and lowest bids for Responsive Only Contracts ranged from 1.97

- The Spread between the highest and lowest bids for Void Only Contracts ranged from 10 to 49.4
- The Spread between the highest and lowest bids for Combined Responsive and Void Only Contracts ranged from 0.46 to 42
- 6.05 These indicate swings of between 11.32% and 16.75% for Responsive Works in England, and swings between 8.91% and 15.31% for Void Works in England over effectively an 18month period but with a wide spread between the highest and lowest tenders received.
- The Office of National Statistics issued two publications which provides data to the 6.06 Social Housing Maintenance sector on the effects of inflation.

The Construction Materials Indices("CMI") for Repairs and Maintenance indicates the following;

Indices at 1st April 2021	120.8
Indices at 31st March 2024	151.6
Increase in Indices	30.8
Percentage increase in Indices	25.50%

The CMI reached a peak in July 2022 of 160 and increase of 39.2% on what the indices had been at the 1st April 2021.

The Consume Price Index ("CPI") Table D7BT is the measure by which the majority of Maintenance Contractors are reimbursed, in arrears, usually over the value of works undertaken in the next year, the effects of inflation on their Contracts. This Table D7BT indicates the following:

Indices at 1 st April 2021	109.4
Indices at 31st March 2024	132.3
Increase in Indices	22.9
Percentage increase in Indices	20.93%

It can be seen therefore that the future reimbursement of CPI has not matched the increase in costs that Contractors have incurred, and this has lead to the Contractors in this Sector substantially increasing their tender values to recover the effects of inflation on labour and materials costs on current work rather than work to be undertaken in future years i.e. front loading their tenders.

7 Author of this Report

I am a Member of the Royal Institution of Chartered Surveyors, a Fellow of the Chartered Institute of Building and a Member of Chartered Institute of Housing

I am a Senior Consultant with Rand Associates Consultancy Services Ltd, having previously been a director since 2002, before retirement in 2022, with over 40 years' experience in the Social Housing Maintenance Sector

My role as a Senior Consultant is to advice Clients on Procurement, Operational Reviews and the Day to Day Operations of Maintenance Contracts.

I am the author of the M3NHF Schedule of Rates and its associated modules, and the joint author with Andrew Millross of Anthony Collins Solicitors LLP of the NHF Form of Contract 2011 and 2023. I was the technical adviser to the National Housing Maintenance Forum from its inception till 2022, a founding director of the Procurement for All Consortia (a purchasing consortium of 15 housing associations) and currently a director of NHMF (NPC) Ltd a procurement consortia sponsored by the National Housing Maintenance Forum.

I specialises in developing joint procurement and evaluation procedures for multiclient situations. I have overseen the procurement management of the NPC Frameworks since the launch of the NPC in January 2022.

I have been involved in the procurement and implementation of social housing maintenance and improvement contracts for a number of Housing Associations and Local Authorities, covering all aspect of responsive and planned maintenance, void property works, gas and communal mechanical and electrical servicing, grounds maintenance and estate services.

I developed the model price and quality evaluation criteria and the model KPI Framework which have been incorporated into the M3 NHF Schedule of Rates and into the NHF Form of Contract 2011 and 2023 documentation. I was a member of the Government sponsored Housing Forum working party which developed the model toolkit for measuring Key Performance Indicators.

8 Statement of Truth

I confirm that I have made clear which facts and matters referred to in this report are within my own knowledge and which are not. Those that are within my own knowledge I confirm to be true. The opinions I have expressed represent my true and complete professional opinions on the matters to which they refer.

I understand that proceedings for contempt of court may be brought against anyone who makes or causes to make , a false statement in a document verified by a statement of truth without an honest belief in its truth

LB of Lambeth – Evidence to First -tier Tribunal – Rand /D Miller/ 11.10.2024

Page | 9



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11th October 2024