

CABINET MEMBER DELEGATED DECISION 21 DECEMBER 2020

Report title: Variation to the Professional Housing Procurement Services Contract

Wards: All

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

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

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REPORT SUMMARY

Resident Services has completely redesigned its housing repair, maintenance and major works operation (repairs, gas servicing, electrical servicing, lift maintenance, fire safety and decent homes) and is in the middle of a multi-workstream procurement project, which includes: 14 new long term contracts, three strategic partnerships, two new SLAs, a tiered dynamic purchasing system, and the creation of a Direct Labour Organisation from scratch. The collective term value of these new delivery arrangements exceeds £1bn.

To support Resident Services with its housing procurement project and contract transition process, the council appointed Bloom Procurement Services Ltd (“Bloom”) and the Just Housing Group in 2019 via the North East Procurement Organisation’s specialist professional services framework agreement. This has been an effective specialist professional services (“SPS”) arrangement and despite a COVID-19 related procurement pause, allowed Resident Services to make good progress against an extremely tight timescale.

Resident Services concurrent digital transformation, stakeholder engagement and social value projects have however necessitated a lot of additional professional resource – as has the COVID-19 related six month procurement pause - and the SPS contract needs to be varied to accommodate the additional work, procurement pause and ensure this essential professional support can continue throughout the six month transition phase to May 2021.

This additional professional support also includes the procurement of some interim contracting arrangements to give service continuity ahead of the new long-term delivery arrangements.

FINANCE SUMMARY

Whereas the original contract value was £329,965, the additional scope and work which is the subject of this paper sums to £467,334 and shall be borne from the HRA contingency. This increases the contract value to a total revised figure of £797,299.

RECOMMENDATIONS

1. To approve a variation to the current Bloom specialist professional services contract to include additional stakeholder engagement, digital transformation, social value and contract transition work to May 2021; and the procurement of interim contracts necessitated by the COVID-19 procurement pause.
2. To approve a budget variation/increase of £467,334, giving revised contract value of £797,299.

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:

4. 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

Service Redesign

- 1.1 Last year, Resident Services announced that it was prepared to discard the status quo in its commitment to deliver better quality, socially responsible and digitally-driven services. In the context of Housing Services, this has resulted in a radical redesign of its repair and maintenance services to reflect a new era of better quality, socially responsible and digitally driven services.
- 1.2 This redesign includes the creation of a direct labour organisation (“DLO”), price-per-property models, 5* servicing arrangements, enhanced social value contributions, strategic asset partnerships, a dynamic purchasing system (“DPS”) and the complete redistribution of geographical lots and service disciplines – together with digital solutions that embrace the latest dynamic resource scheduling software.

Professional Procurement Support

- 1.3 To procure the newly designed service delivery arrangements against a demanding timetable, Resident Services needed the support of a professional housing procurement consultancy. The Council didn’t have sufficient internal capacity – beyond its business as usual resource - to meet the intensive demands of a one-off multi-workstream procurement project with an aggregated term value exceeding £1billion.
- 1.4 Professional procurement support was secured through a call-off with Bloom Procurement Services Ltd (“Bloom”) in 2019 via the North East Procurement Organisation’s (“NEPO”) specialist professional services (“SPS”) framework agreement (the council being an associate member of NEPO). Bloom competitively procured the Just Housing Group to provide the council with the necessary specialist *housing* procurement services in a subcontractor capacity (a subcontractor tender exercise in which the council helped evaluate and moderate).

Borough Plan

- 1.5 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. These new contracts have been designed to improve social, economic and environmental equality and the tender evaluation methodology has been created around these objectives.

2 PROPOSAL AND REASONS

Proposal

- 2.1 The report proposes to vary the current SPS contract to accommodate prolongation costs (incurred because of the COVID-19 related pause and associated interim delivery arrangements needed to achieve service continuity), additional stakeholder engagement, digital transformation, social value and contract transition work to May 2021.
- 2.2 The variation is £467,334 (inclusive of a 10% tendered rate reduction), and will give a revised contract value of £797,299.

Reasons

- 2.3 Resident Services’ entire repair and maintenance obligation (repairs, gas servicing, electrical servicing, lift maintenance, fire safety and decent homes) will be delivered via the newly designed contracts, DLO and DPS.

- 2.4 It is absolutely vital that the associated procurement project is adequately and professionally resourced to achieve seamless transition from its current suite of housing contracts to its newly designed contracts and direct delivery arrangements. Failure to maintain service continuity during the transition period would be disastrous for the Council and create intolerable compromises across a range of statutory service obligations.

Additional Requirements

- 2.5 The scope of the proposed variation only includes resource expended over and above the tendered resource in response to a prolonged programme (caused by a six month COVID-19 pause); and additional post contract work needed to meet the council's strategic and digital transformation requirements. The additional scope / requirements are as follows:
- a) Six Month COVID-19 pause – The SPS provider was required to completely re-engineer the procurement project and undertake a lot of additional work on the council's behalf (the council's response to the COVID-19 outbreak stretched its in-house resources – some of which had to be allocated to borough-wide emergency control work). This also included the procurement of a series of interim contracting arrangements to maintain service continuity during the 'pause' – one such arrangement being the OJEU procurement of an £8m estate cleaning contract.
 - b) Digital strategy requirements – the SPS provider is now required to procure, configure and implement a Dynamic Resource Scheduler, a DLO contractor management system (including handheld technology), a Small Contractor Portal, new BARIS interfaces, GIS mapping tool, keystone data transfer; and the reconfiguration of Northgate to accommodate the above systems, improve repair diagnostics, embed new pricing and invoicing structures, and allow for online repair ordering and tracking by residents. Many of these requirements came from an independent post-contract review of the repairs service.
 - c) Support the development and configuration of a Dynamic Purchasing System for major works.
 - d) Demobilisation - the SPS provider is now required to demobilise the 12 existing contracts and settle all of the associated final accounts. This is an essential part of the contract transition process and will also help manage down the volume of work in progress being transferred to the new arrangements.

Resourcing Options

Existing Resource

- 2.6 Internal procurement resource is particularly stretched at the moment – caused, in part, by emergency COVID-19 relief and response work. As such, there isn't the internal capacity to provide the necessary support and deliver a multi-workstream procurement project of this scale.

Tender a new professional services contract

- 2.7 Time is of the essence and all of the new repair and maintenance contracts are scheduled to go live in April and May 2021 – leaving just six months to complete the most intensive stage of the procurement project. This does not leave sufficient time to undertake a new tender for professional procurement support.

Traditional Framework

- 2.8 Given that doing nothing is not an option (the procurement project would simply come to a halt), the only feasible option is to procure the required professional services from a framework. The bespoke nature of this requirement (blending stakeholder engagement, system integration, DLO

creation/recruitment, contract transition and tendering) does however eliminate the use of existing traditional frameworks.

2.9 NEPO

NEPO’s specialist professional services framework is designed to give clients a tailored procurement solution to their unique professional service requirements – and was the reason why the Council called off a NEPO framework contract in the first instance. It is also for this reason (bespoke professional housing requirement) that the NEPO framework represents the only viable solution in the available timeframe.

Seamless Solution

2.10 Given that the SPS provider has, to a large extent, designed all of the new contracts being procured, DLO, stakeholder engagement strategy and ICT system integration requirements, varying the existing SPS contract will allow the seamless continuation of the procurement project through its most critical stage (tenderer shortlisting and evaluation; and contract transition). Appointing a new housing procurement advisor would not only delay the process by up to six months but threaten the Council’s ability to achieve the desired outputs designed by SPS provider (including monetary contributions towards the Council’s social value fund).

2.11 The resource days, rates (inclusive of a 10% discount on the tendered rates) and costs associated with the proposed contract variation are all broken down in Part II of this report.

Contract Management

2.12 There are regular project team meetings and updates; and the SPS provider has developed workstream-specific procurement timetables and maintains a detailed critical path programme that is continuously reviewed. There are also Highlight Reports in place that set out progress of the procurement project against key milestones – which are submitted to the Council for review and agreement. A key stipulation in the professional services contract is that invoices cannot be processed until there is full sign-off of the Highlight Report - which acts as a further and important performance management mechanism.

3 FINANCE

3.1 The necessary extension of the Bloom contract given the pause in the reprocurement schedule as well as the additional support for work outside of the original brief has resulted in the following:

	19/20 (£)	20/21 (£)	Total (£)
Bloom Procurement Services Ltd. Contract	268,739	61,226	329,965
Extension and additional scope	-	467,334	467,334
TOTAL	268,739	528,560	797,299

3.2 The variation will increase the total contract value to £797,299 and has been calculated using the same competitively procured rates but with a 10% discount on the tendered rates.

3.3 The additional cost of £467,334 which is the subject of this paper shall be borne from the HRA contingency.

4 LEGAL AND DEMOCRACY

Legal Services

- 4.1 The authority to approve the recommendations in this report is delegated to the Deputy Leader of the Council exercising her functions under her portfolio for Housing and Homelessness.
- 4.2 Bloom Procurement Services Ltd is the sole neutral vendor on the North East Procurement Organisation's specialist professional services framework. Contracts called off a framework procured through an OJEU process are permitted under the Public Contracts Regulations and as this is a sole supplier framework Lambeth is entitled to further call off or extend the appointment. Bloom is responsible for procuring and sub-contracting the services to a professional service provider. In this case it procured Just Housing Group as professional service provider through a competitive tender process primarily evaluated on quality.

Democratic Services

- 4.3 This proposed key decision was entered in the Forward Plan on 27 October 2020 and the necessary 28 clear days' notice has been given. In addition, the Council's Constitution requires the report to be published on the website for five clear days before the proposed decision is approved by the Cabinet Member. Any representations received during this period must be considered by the decision-maker before the decision is taken. A further period of five clear days - the call-in period – must then elapse before the decision is enacted. 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 The SPS provider has worked closely 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).

6 RISK MANAGEMENT

- 6.1 The main risks that could impede on the successful delivery of this varied service scope are:

Table 1: Risk Register

Item	Risk	Likelihood	Impact	Score	Control Measures
1.	COVID-19 restrictions and social distancing requirements	3	2	6	The SPS provider has aligned its working model to effectively support the council in a remote way and has developed templates and timetables for interaction and engagement with tenderers and residents.
2.	Timescale	3	2	6	The SPS provider has developed detailed project critical path timetables to help achieve the necessary timeframes.

3.	Digital resource implementation and testing	2	4	8	The SPS provider has allocated a dedicated systems manager and created a user acceptance testing timetable to ensure the new digital platforms are all live and tested for contract mobilisation.
4	Contract transition	2	4	8	The SPS provider has prepared a detailed transition plan that sees all accounts finalised on the existing arrangements; and a mechanism for reducing and seamlessly transferring outstanding work to new suppliers.

Key:

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

7 EQUALITIES IMPACT ASSESSMENT

7.1 The SPS provider worked with the council to develop an EIA for the whole procurement project (including DLO) which 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.

8 COMMUNITY SAFETY

8.1 The DLO has been designed to work closely with the Council's neighbourhood housing teams in developing and delivering their Estate Action Plans which, where required, include proposals to mitigate crime and disorder on estates (including anti-social behaviour) and associated work to improve safety within neighbourhoods. Crime prevention is also an objective in the work of the strategic asset partnerships being designed and procured as part of this project.

9 ORGANISATIONAL IMPLICATIONS

Environmental

9.1 The SPS contract requires that environmental improvements are designed into all of the tender procedures and associated contracts. The SPS provider has also designed a process where environmental improvements (including carbon footprint reduction and improved air quality) are incorporated into all of the evaluated contractor method statements and form an objective weighted part of the final contractor selection process.

Health

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

Corporate Parenting

9.3 N/A

Staffing and accommodation

9.4 There will be no transfer of staff or new accommodation requirements associated with this contract variation. There has been a lot of activity-based co-location but this has now moved online during the COVID-19 outbreak and makes effective use of remote video and meeting facilities i.e. MS Teams.

Responsible Procurement

9.5 The SPS provider has taken the council's responsible procurement policy and embedded its requirements into the tender and contract design process - and a significant weighting has been within the evaluated method statements across all of the procurement workstreams. Furthermore, the SPS provider has designed a levy arrangement whereby tenderers are being required to review their profit expectations and offer a contribution – equivalent to 1% of their turnover - towards the council's Social Value Fund – used to fund social and environmental initiatives and improve equality within Lambeth.

Good Quality Jobs with Fair Pay and Decent Working Conditions

9.6 The SPS provider has developed the contract documentation to obligate the successful tenderers to provide local employment and training opportunities; and required them pay LLW at both employee and subcontractor level - improving pay equality for employees delivering essential council services. 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. The DLO will also target local people furthest from the employment market and provide them with career progression opportunities (with support and training) within both the DLO and Council. They will also benefit from Council terms and conditions – including pension.

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 Additional to being an evaluated method statement requirement/question, the contracts designed by the SPS provider will obligate 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 SPS provider has designed the contracts to require suppliers to sign up to the London Healthy Workplace Charter (or equivalent), and for signing up to the Time for Change Employers Pledge and Suicide Prevention Strategies. Suppliers are also required to demonstrate how they will meet at least 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. The SPS provider has responded well to

this challenge and designed a number of innovative solutions that will positively impact on communities, estates and homes. These include strategic asset partnerships, dynamic purchasing arrangements, social value solutions, holistic repair solutions, data integration, budget optimisation and a hybrid DLO that will respond to resident priorities and a commitment to help vulnerable residents stay in their homes. This contract variation is again crucial if this innovation is to be realised.

10 TIMETABLE FOR IMPLEMENTATION

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

Activity	Proposed Date
Forward Plan entry	27 October 2020
Procurement Board	20 October 2020
Publication on Decisions online	11 December 2020
Cabinet Member Decision	21 December 2020
End of Call-in Period	28 December 2020
Execution of Variation	29 December 2020

AUDIT TRAIL				
Consultation				
Name and Position/Title	Lambeth Directorate	Date Sent	Date Received	Comments in paragraph:
Councillor Jennifer Brathwaite	Cabinet Member for Housing and Homelessness	01.12.20	07.12.20	
Bayo Dosunmu, Strategic Director	Resident Services	29.09.20	02.10.20	
Neil Euesden, Director of Housing	Resident Services	29.09.20	02.10.20	
Andrew Ramsden, Assistant Director, Finance	Finance and Property	29.09.20	15.10.20	3.1, 3.2, 3.3
Rachel Willsher, Head of Procurement	Finance and Property	29.09.20	14.10.20	
David Thomas, Legal	Legal and Governance	29.09.20	02.10.20	4.1, 4.2
Jacqueline Pennycook, Democratic Services	Legal and Governance	29.09.20	06.10.20	4.3

REPORT HISTORY

Original discussion with Cabinet Member	13.09.2020
Report deadline	29.09.2020
Date final report sent	29.09.2020
Part II Exempt from Disclosure/confidential accompanying report?	Yes
Key decision report	Yes
Date first appeared on forward plan	27 October 2020
Key decision reasons	Expenditure, income or savings in excess of £500,000.
Background information	Cabinet Member Delegated Decision 08 July 2020 "Design of Housing Services after 2020"

APPROVAL BY CABINET MEMBER OR OFFICER 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: Andrew Jacques
Assistant Director - Repairs and Maintenance
Housing Services

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

Signature: _____ **Date:** _____

Post: Councillor Jennifer Brathwaite
Deputy Leader of the Council (Housing and Homelessness)