

CYNGOR SIR POWYS COUNTY COUNCIL
PORTFOLIO HOLDER DELEGATED DECISION
by

County Councillor John Powell
(Portfolio Holder for Highways and Environmental Health)

County Councillor Graham Brown
(Portfolio Holder for Commissioning and Procurement)

County Councillor Garry Banks
(Portfolio Holder for Property and Assets)

7th January 2015

REPORT AUTHOR: Head of Service, Regeneration Property & Commissioning (Place)

SUBJECT: Options for the future of responsive buildings repair and maintenance services

REPORT FOR: Decision

1 Summary

- 1.1 At its meeting held on 15th July 2014 the Cabinet resolved to undertake a procurement exercise to identify a suitable established industry partner from either the private or public sector for the creation of a Powys based Joint Venture Company for the delivery of a responsive buildings repair and maintenance service (Minute C152-2014).
- 1.2 This report discusses the proposed first stage procurement process, scope of services to be included in the soft market test documentation and reference visits to other Local Authorities with similar delivery models.
- 1.3 The proposals were discussed with Portfolio Holders on 21st October 2014 and briefed on 6th January 2015. Following consideration by the Solicitor to the Council, it was necessary to seek some early legal advice. Following approval of a Management of Change Funding Application, internal and external project support can now be put in place.

2 Proposal

- 2.1 Legal and Commercial Services have recommended that a soft market test is undertaken, similar to that conducted for the proposed Leisure Services management contract. This will help to inform the tender process and assure the Council of the viability of the proposal.
- 2.2 Scope. For the purposes of the soft market test, it is proposed that the services described in the documents will include the following current Housing Revenue Account (HRA) and Corporate Property (CP) services, although the feedback from the Soft Market Test and other consultation will inform the final scope of service :
- Housing: Responsive repairs and maintenance, statutory testing and servicing, works and projects (not part of WHQS program). This could include associated professional/consultancy services to deliver these works with in-house labour, and could include issuing and managing work carried out by external contractors.
 - Corporate Property: Responsive repairs and maintenance, statutory testing and servicing, revenue and capital funded smaller value projects, this could include associated professional/consultancy services to manage the delivery of these works with in-house and external contractors.
 - Customer Services: Call handling for all property matters will transfer.
- 2.3 The annual approximate value of these services is £5m to £10m per annum dependant on the extent of the work included, as described in point 2.2 above. The scope will be examined throughout the procurement process with internal workshops to inform the proposal included in the Soft Market Test. The process will also reflect on the learning gained from peer Local Authorities during reference calls/visits.
- 2.4 Legal services have advised that it should be stated from the outset of the procurement exercise that if the Council may wish in the future to extend the scope of the JVC if it proves successful, this fact must be specified in the OJEU Notice and in the tender. The Council may find it necessary, at some future time, to review the delivery of other Property related functions and if there is a provision to extend the scope of the JVC in this way, future procurement and set up costs would be minimised and avoid the potential of inefficiencies caused due to multiple providers delivering Property services. Including this option does not

commit the Council to transferring these services in the future, but is an enabling action designed to facilitate additional transfers to the JVC without the need to re-tender.

2.5 Process: Commercial Services have advised that the following procurement process should be followed. The process is similar to the one adopted for Leisure Services:

- Issue Prior Information Notice (PIN) to the market
 - Advert for Soft Market Test (SMT)
 - Issue SMT information document
 - Receive Market response at meet the buyer days
- The Leader and Portfolio holders are in the process of making contact with other Local Authorities who have similar JVC arrangements with public and private sector partners as a learning opportunity. At the time of writing, a teleconference with Barnsley MBC has been completed.

2.6 Additional resource: Aside from existing establishment staff and manager costs, additional resources are estimated to cost £98,000 over 20 months. It was recognised that there was insufficient capacity and specialist knowledge in-house. An initial timeline has been plotted leading to June 2016, some three months after start-up of the JVC. This work can be supported by the approved Management of Change Funding and the HRA.

The funding will be used to:

- Employ a part time Project Manager 3 days per week
- Legal external advisors who have specialist knowledge as this expertise is not available with the Powys legal team.
- Finance/ICT external advisors as the Powys team does not have the capacity to take on additional work

3 One Powys Plan

3.1 One of the priorities of the One Powys Plan is to “Remodel Council Services to respond to reduced funding”. The aim of this initial proposal is to provide an efficient responsive building repairs and maintenance service to ensure Powys Public Buildings remain viable and operational for services to operate from, delivering the priorities of the One Plan. In addition, to provide efficient building maintenance services to ensure that the Powys owned Housing portfolio is well maintained and supporting stronger, safer and economically viable communities.

3.2 The One Powys Plan has a priority of “developing the economy”. The Company would provide and invest in local employment for Powys staff

and residents and would continue to use Powys based contractors and suppliers, thus supporting stronger, safer and economically viable communities. The Council has also been approached by Powys teaching Health Board and Dyfed Powys Police Authority to discuss their responsive building, repair and maintenance needs.

- 3.3 When considering the options the Council must be aware of the risks of using a model that lacks resilience, as any failure can leave the Council vulnerable as the local supply chain is not equipped to undertake all the work required and it can prove difficult to attract other contractors to operate in the County due to the challenging geography.

4 Options Considered/Available

- 4.1 Legal and Commercial Services have recommended that a similar procurement process be followed to the one adopted for Leisure Services. A procurement process can be followed without undertaking a Soft Market Test or talking to reference sites, however, this is considered unwise. This early process informs the Council of the appropriate approach to the market in the tender exercise and greatly increases the chances of a positive outcome.
- 4.2 The offer must be attractive to the market, hence the scope to be included needs to be economically viable. The value also needs to be sufficient to deliver meaningful savings to the Council. The proposed scope is considered appropriate at this time. However, the soft market test will help inform the final scope.
- 4.3 The proposal to state from the outset that the Council may choose in the future to extend the scope of the JVC could be excluded. However, this will limit the use of the JVC in the future. Additional procurement and set up costs would be incurred by the Council to commission other property services. Removing the option to extend the scope in the future will reduce the attractiveness of the offer to the market.

5 Preferred Choice and Reasons

- 5.1 The preferred choice is to proceed with the early procurement process as set out in the proposal to ensure that the Council is properly informed of the market response before inviting competitive tenders through a compliant process.
- 5.2 To appoint legal and financial specialists to support the entire process to ensure that a compliant procurement process is followed and the JVC is set up correctly.

6 Sustainability and Environmental Issues/Equalities/Crime and Disorder, /Welsh Language/Other Policies etc.

6.1 Policies such as Sustainability, the Environment, Equalities and Welsh Language will be considered and included as part of the business case and any subsequent contractual negotiations if the model is taken forward.

7 Children and Young People's Impact Statement - Safeguarding and Wellbeing

7.1 By ensuring the continued provision of resilient and efficient building maintenance services, council owned houses, schools and properties will support and promote the wellbeing of children and young people

8 Local Member(s)

8.1 The proposal does not have particular effect on or significance for only one or some electoral divisions.

9 Other Front Line Services

9.1 The proposal will have implications for front line services as potentially a different provider will be maintaining the buildings they operate from. During the development of the business case, front line services will be consulted. The Housing Tenant Liaison Forum will be consulted as required by the Housing Act 1985.

10 Support Services (Legal, Finance, Corporate Property, HR, ICT, Business Services)

10.1 Legal – The recommendation can be supported from a legal point of view

10.2 Finance – Finance have noted the detail in the report and can confirm that the virement for the additional resources of £98k have been actioned.

11 Local Service Board/Partnerships/Stakeholders etc

11.1 The Council has also been approached by Powys teaching Health Board and the Dyfed Powys Police Authority to discuss their responsive repair building and maintenance needs. They have indicated that in the future they may wish to use the services of the JV Company.

12 Corporate Communications

12.1 None specifically at this stage of the process.

13 Statutory Officers

13.1 Strategic Director Resources (Section 151 Officer): The Strategic Director Resources notes the comments made by finance.

13.2 Solicitor to the Council (Monitoring Officer):” I have nothing to add to the report”.

14 Members’ Interests

14.1 The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If the Portfolio Holder(s) have an interest he/ they should declare, complete the relevant notification form and refer the matter to Cabinet for decision.

Recommendation:	Reason for Recommendation:
1. Undertake Soft Market Test for the delivery of Housing and Corporate Property Responsive repairs and maintenance with a Public or Private sector partner.	To ensure that the Council is properly informed of the market response before inviting competitive tenders through a compliant process.
2. Appoint legal, financial and ICT specialists to support the entire process	To ensure that a compliant procurement process is followed and the JVC is set up correctly.

Relevant Policy (ies):			
Within Policy:	Y / N	Within Budget:	Y / N

Relevant Local Member(s):	N/A
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Person(s) To Implement Decision:	Sue Bolter
Date By When Decision To Be Implemented:	January 2015

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Background Papers used to prepare Report:

15th July 2014 Cabinet report “Options for the future of responsive buildings repair and maintenance services” and minute C152-2014

CABINET REPORT TEMPLATE VERSION 4