

Meeting of the Cabinet – 14th July 2011

Report of the Director of Adult, Community and Housing Services

Housing Repairs and Maintenance: Procurement and Delivery of Services

Purpose of Report

1. The purpose of this report is to seek Cabinet approval to establish the principle of a Joint Venture company with the private sector to deliver a repairs and maintenance service for the Council's housing stock.

Background

2. It is proposed to explore options for delivery of repairs and maintenance to the Council's housing stock through a Joint Venture Company (JVC), where the Council and a private sector organisation would develop and manage the Council's repair and maintenance service on a joint basis for a fixed period of time.
3. The primary reason for considering this separate JVC is to mobilise complementary resources and this model enables Council resources (primarily within the Council's Housing DLO) and the private sector to be integrated forming a wholly new business organisation not otherwise achievable in a traditional tendering environment. The private sector already carries out significant work to Council properties, and this new arrangement offers the potential for better value for money by moving on from existing partnering arrangements.
4. The JVC option provides more influence for the Council in future service delivery than a straightforward tendering exercise, retaining an element of Council tie-in to mitigate the risk of contractor failure that the market has seen in recent months.
5. Once established, the JVC would receive all of the assets of the Housing DLO, including vehicles and depots. Employees would be required to transfer to the new organisation with terms and conditions protected under the Transfer of Undertakings, Protection of Earnings (TUPE) arrangements.
6. If Cabinet agrees, in principle, to proceed with a Joint Venture Company, more detailed work will need to be done to establish the most appropriate legal and governance structures to safeguard the Council's interests but also encourage maximum innovation and value from the private sector. Options for consideration will include the potential for profit sharing, and the provision of services to the JVC by the Council.
7. As part of the option appraisal the Council would determine the initial extent of works the JVC should undertake, and provide options for expansion to deliver other housing and/or property related services that the Council currently provides.

8. When detailed arrangements are agreed, competitive bids would be sought from the private sector to form the JVC with the Council. This will be a procurement process that will require a robust and transparent process to demonstrate that the proposed JVC can deliver the aspired improved services, and the project plan will incorporate sufficient time to establish selection and award criteria and undertake appropriate evaluation of bidders.
9. The Council has a strong track record of procuring and managing innovative partnership arrangements and the establishment of a long-term JVC is a further forward thinking move to continue to deliver services in a modern way, demonstrating commercial innovation and efficiency alongside public sector stability. Maintaining 'lean client' expertise in-house would be essential to ensure successful service delivery whilst engaging with the private sector.
10. It is proposed that a project team be established to lead the option appraisal, with representation from key parts of the Council, to evaluate the various legal models and procurement options with a view to reporting findings back to a future meeting of the Cabinet later this year.

Finance

11. Housing repairs, maintenance and improvements are funded from the Housing Revenue Account (HRA) and the public sector housing capital programme.
12. Provision has been made in the Housing Revenue Account (HRA) for funding to explore the options outlined in the report.
13. Section 76 of the Local Government and Housing Act 1989 places a duty on the Council to ensure that no action will be taken to cause a deficit to arise on the HRA at 31st March 2012. There is also a duty placed on the Council to review the financial prospects of the HRA from time to time. Reviews carried out can confirm that the HRA will be in surplus at the 31st March 2012 and therefore complies with the requirements of the Act.

Law

14. HRA finances are governed by Section 74-88 in Part IV of the Local Government and Housing Act 1989. Procurement of a Joint Venture with the private sector will need to be in accordance with the Council's Standing Orders

Equality Impact

15. The repairs and maintenance service and the implications of delivery through an established JVC will be the subject of an Equality Impact Assessment to ensure that the service continues to promote independence and improve quality of life for disadvantaged groups.

Recommendations

16. It is recommended that Cabinet:
- a) approve in principle the establishment of a Joint Venture between the Council and the private sector to deliver maintenance and improvement works for the Council housing service;
 - b) authorise the Director of Adult, Community and Housing Services, in consultation with the Cabinet Member for Housing, to manage and allocate resources to development and management of a future JV as outlined in paragraphs 6 and 7;
 - c) authorise the Director of Adult, Community and Housing Services to undertake appropriate consultations with managers, employees and trade union representatives etc about the implications of the JVC for existing and future staffing and operational matters;
 - d) authorise the Director of Adult, Community and Housing Services to procure and enter into contracts for the provision of specialist legal and other advice for the creation of the JVC as described above.



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Director of Adult Community and Housing Services

Contact Officer: David Harris
Telephone: 01384 812134
Email: david.harris@dudley.gov.uk