

Committee:	Housing Board	Date:
Title:	Property Services - Transition	29 th April 2024
Portfolio Holder:	Cllr Arthur Coote, Portfolio Holder for Housing & Equalities	
Report Author:	Brian Burton – Interim Director – Property Services	

Summary

1. This report provides an overview of Cabinet's decision on 18th April 2024 to adopt the mixed economy model (Option 11) as the future operating model for repairs, maintenance and capital works across the council's housing stock of c.2,800 homes.
2. A summary of the 11 options reviewed, including the rationale for discounting alternatives, is included. The mixed economy model's design principles, implementation approach, governance and risk management arrangements are covered in detail.

Recommendations

3. The Housing Board is asked to note and consider the analysis underpinning Cabinet's approval of the mixed economy model, including:
 - A. Summary of options appraisal and reasons for discounting alternatives
 - B. Technical architecture and segmentation across work streams
 - C. Tailored governance model and clienting arrangements
 - D. Implementation plan, timelines and mobilisation activities
 - E. Risk management approach for transition and interim periods
4. The Housing Board is asked to support the statutory consultation approach with tenants and leaseholders regarding the approved service delivery model changes.

Background

Options Appraisal Summary

5. A total of 11 future operating model options were reviewed, as summarised below:

Option	Description	Rationale for Discounting
1	<p>Continue UNSL JV to 2030</p> <p>Continuing with the existing joint venture arrangement with Uttlesford Norse Services Ltd (UNSL) until the end of the contract term in 2030.</p>	Discounted due to evidenced performance issues
2	<p>Renegotiate UNSL JV</p> <p>Attempting to renegotiate and reset the service level agreement with the current UNSL joint venture provider.</p>	Discounted as SLA reset negotiations failed
3	<p>Single Integrated Contract</p> <p>Replacing the current arrangement with a single, consolidated contract with one provider to deliver all repairs, maintenance, and capital works.</p>	Discounted - High risk of over-reliance on single provider
4	<p>Dynamic Purchasing System</p> <p>Establishing a dynamic purchasing system framework where specific work packages are tendered individually rather than a long-term contract.</p>	Unsuitable as primary model - price uncertainty, limited social value
5	<p>Joint Procurement</p> <p>Collaborating with other local authorities or housing providers to jointly procure services through a shared contract arrangement.</p>	Unlikely to secure aligned priorities with partners
6	<p>Direct Labour Organisation</p>	Prohibitive setup costs, limited

	Setting up an in-house team and delivery model within the council to self-deliver repairs and maintenance services.	flexibility, extensive support overheads
7	New Joint Venture Establishing a new joint venture arrangement with a private sector partner for delivering repairs and maintenance services.	Long procurement timelines, governance concerns from UNSL experience
8	Wholly Owned Subsidiary Creating a wholly-owned subsidiary company of the council to act as an arm's-length delivery vehicle for repairs and maintenance.	Similar constraints to DLO plus tax implications
9	Multiple Contracts Dividing the work scope into separate, multiple contracts with different providers for each work stream.	Resource intensive clienting, fragmented delivery
10	Acquire UNSL The council acquiring and taking ownership of the existing UNSL joint venture company to gain direct control.	Discounted on legal advice - risks, time required, unlikely to resolve issues
11	Mixed Economy Model Adopting a blended approach with an integrated multi-stream contract complemented by specialist contractors across different work streams.	Selected option - tailored approach, mitigates risks

6. The review of these options included consultation with a cross-party Members' working group and the Tenants and Leaseholders Panel. The decision was also reviewed by UDC's Scrutiny Committee prior to the Cabinet decision on 18th April 2024.
7. The mixed economy model (Option 11) was recommended as it enables a tailored approach by combining integrated multi-stream contract(s) with specialist contractors,

leveraging market competencies while ensuring strategic oversight through an insourced asset management function

Design Principles

7. The approved mixed economy model separates service delivery across three core segments:
 - A. Integrated multi-stream contract(s) for recurring responsive repairs, planned & cyclical maintenance programmes, including damp/mould treatment and non-licensed asbestos works.
 - B. Specialist contractors for statutory compliance disciplines (gas, electrical, water hygiene, lifts, fire safety) and major capital investment projects.
 - C. Insourced asset management function to define 30-year capital strategy, manage stock condition data, validate contractor performance and quality assurance.
8. This approach enables tailored governance for each work stream, mitigating issues often faced by single-provider models attempting to cover divergent scopes.
9. Roles and responsibilities across the clienting teams are split thus:
 - A. Asset management - defining programming, monitoring stock condition
 - B. Compliance monitoring - audits, statutory checks and certifications
 - C. Commercial contract management - overseeing performance, VFM
10. Scopes, service levels, KPIs and contractual terms will be tailored based on market norms, technical constraints and council's specific needs for each work stream.

Implementation Approach

11. The implementation plan includes the following key workstreams:
 - A. Statutory consultation (Social Housing Act 2023, Commonhold and Leasehold Reform Act 2002)
 - B. Detailed specification and suite of contracts per work stream
 - C. Procurement strategy utilising appropriate frameworks
 - D. Insourcing the repairs contact centre function and IT integration
 - E. Transition plan from incumbent UNSL model
 - F. Member engagement and further Cabinet decisions, including service specification and contractor selection. This will include regular updates to Housing Board.
 - G. Staff engagement and TUPE considerations
 - H. Resident communications strategy
12. External advisors will supplement the dedicated implementation team to ensure new arrangements are mobilised ahead of March 31, 2025.

Governance & Risk Management

13. Interim measures include escalated UNSL contract management, audits and contingencies to ensure compliance in the final year.
14. Key risks being managed:
 - A. Achieving procurement timelines
 - B. Mobilisation and operational readiness
 - C. Seamless transition of services for residents
 - D. Resilience of insourced functions
15. Clear mechanisms are being established for performance management, enforcement of standards (Social Housing Regulation Act 2023) and budgetary control.

Financial Implications

16. Mobilisation budgets have been approved, replacing c.£9m annual UNSL expenditure.
17. Value for money expected to improve through tailored risk allocation, increased competition and strengthened governance.

Conclusion

18. Following an options appraisal, Cabinet approved the mixed economy model for repairs and maintenance delivery across council homes.
19. This model enables a tailored, value-for-money solution combining integrated multi-stream and specialist contracts, governed by an insourced asset management function.
20. The Housing Board is asked to note the recommendations, technical principles, implementation plans and risk mitigation approach underpinning the approved model.