



**SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL**

## Cabinet

02 March 2021

Report of: Councillor Robert Reid

Cabinet Member for Housing and  
Planning



# Strategic Partnership Housing Capital Investment

## Report Author

Chris Stratford, Interim Assistant Director of Housing

Tel: 01476 406080

Email: [chris.stratford@southkesteven.gov.uk](mailto:chris.stratford@southkesteven.gov.uk)

Corporate Priority:	Decision type:	Wards:
Administrative	Key	All Wards
<b>Reviewed by:</b>	Ken Lyon, Assistant Chief Executive, Housing Delivery	18 February 2021
<b>Approved by:</b>	Karen Bradford, Chief Executive	18 February 2021
<b>Signed off by:</b>	Councillor Robert Reid , Cabinet member for Housing and Planning	19 February 2021

## Recommendation (s) to the decision maker (s)

### That Cabinet:

1. Approves three contracts to be placed with GEN2 for the following works:
  - i. Procurement and project management specialist support for the implementation of the Fire Risk Assessments works up to a value of £7,000
  - ii. Procurement and project management specialist support for the renewal of the Gas contract up to a value of £20,000
  - iii. Procurement and project management specialist support for the Windows and Doors capital programme up to a value of £22,000
2. Delegates approval to enter into the contracts to the Chief Executive, in consultation with the Cabinet Member for Housing and Planning, the Monitoring Officer and the s151 Officer.

# 1 The Background to the Report

- 1.1 Members will be aware of the extensive work that has been progressing to review the capital and revenue priorities of the Housing service, especially in the context of the forthcoming financial year 21/22. This work has focused on reviewing the Housing Revenue Account (HRA) capital new house building programme and then subsequently the HRA improvement and maintenance budgets to reflect new emerging priorities much of which is linked to the regulatory needs following the Council's self-referral to the Regulator, and just recently the confirmation of the non-compliance notice issued.
- 1.2 Taking all of these factors into consideration it has been recommended that a one year only revenue budget be put forward for 2021/22. This reflects the need to complete the Stock Condition survey due to be finalised by October 21, the need for a revised Asset Management Plan, and then finally the development of a new HRA Business Plan.
- 1.3 Nonetheless during 21/22 there still room for a very significant programme dealing with known and emerging priorities. These will reflect clearly those works that the Regulator would also wish to see completed or in progress during the next 12 months. Such works will include enhanced heating replacement programme, electrical re-wiring and electrical testing to prove up to date certification of homes, asbestos inspections, and management, and of course Fire Risk Assessments (FRA) works arising from the recently procured FRA inspection process. Significantly officers have included other improvement activities around window and door replacements, fencing improvements, communal heating upgrades, external painting programmes, etc.
- 1.4 All these primary core objectives are being undertaken during a critical time of change especially within housing technical services, which includes the voids performance and management process, new I/T solutions around asset management and compliance, including work management solutions. Further changes to stock and van stock control are underway, and new ways of monitoring customer engagement and feedback are planned to be implemented in the spring.
- 1.5 We should under normal circumstances have already planned our detailed procurement programme and be finalising specifications and seeking the necessary procurement processes to ensure all these critical schemes are delivered on schedule and within budget parameters. Given however the non-compliance 'catch up' and process work we are currently engaged in, not all the procurement and delivery of these critical contracts can be delivered using current housing technical resources. To avoid not achieving the critical delivery of contracts, officers have concluded that another more innovative approach needs to be considered to achieve significantly different outcomes.
- 1.6 In the bids made as part of the HRA capital projects an element of 'project management' costs were included in each of the project descriptions. This provision ranges from between 5% and 15% of the capital budget provision depending on the nature, complexity, and scope of the project envisaged. The normal procurement arrangements would identify these requirements, and the specification drafting would reflect any project management needs. Officers have been investigating how best to improve technical capacity to the process of specifying, procuring, and then delivering primarily Project Management more effectively and efficiently, and have concluded that a new relationship with an appropriate organisation capable of delivering a selected number of these housing works would achieve a significant improvement in the delivery of projects.

- 1.7 Accordingly, Officers have contacted Gen2 Property Ltd a wholly owned company of Kent County Council. Gen 2 would be able to provide services to assist and support the Housing Technical Services Department in its delivery of certain housing technical contracts and works over the next 12 months, as there is a need to secure the supply chain to deliver on identified key projects. Gen 2 specialises in providing consultancy, procurement, and project management oversight within the public sector and it has the capacity to provide these critical services.
- 1.8 GEN2 may be able to provide a longer-term range of support and there is potential to secure their services through a longer-term partnership. It is proposed to begin a potential dialogue with GEN2, and these initial contracts will give officers a good introduction to the company.
- 1.9 The company can also provide a comprehensive range of property and facilities management (FM) service at short notice, but using recognised and compliant procurement Framework agreements, to ensure value for money. Integral to this process is a fully open book policy with the Council. A very significant attraction to this type of arrangement is the very considerable professional resources the company can bring to bear in delivering solid procurement and then project management of contract works through its substantial current asset base management structure. It presently manages over £1 billion of assets for its current owner and public sector clients.
- 1.10 Further the company has an established training capacity to provide relevant on the job and professional training around critical FM services and this could be of particular relevance to SKDC as it seeks to develop and create its own well qualified and professionally competent staffing structure. The use of these services would however form the basis of any longer-term arrangement which would need to be procured in accordance with the Public Contract Regulations.

## **2 Consultation and Feedback Received, Including Overview and Scrutiny**

- 2.1 Initial meetings have taken place between officers of Gen2 and the housing service, with particularly the Head of Housing Technical Services, assistant Director of Housing Development Management, and the Head of Housing Services, to review potential work priorities. Subsequently engagement with the Compliance leadership team, and the Chief Executive, and Interim Director of Finance have also been completed.

## **3 Available Options Considered**

- 3.1 Officers have considered the option of procuring, specifying, and project managing the necessary works contracts in the normal way. Given however the current staffing challenges, lack of professional capacity, and scope nature and scale of works required to improve the current stock along with meeting compliance requirements officers have concluded this represents a high-risk option and one not to be recommended at this time.

## **4 Preferred Option**

- 4.1 The preferred option is to enter into the specific contracts with GEN2 subject to due diligence, and consideration given over the next 12 months to a longer-term partnership approach.

## **5 Reasons for the Recommendation (s)**

- 5.1 To provide an additional method of efficiently and effectively delivering some compliance works and contract works required as part of 21/22 housing capital programme.

## **6 Next Steps – Communication and Implementation of the Decision**

- 6.1 To complete final negotiations with Gen2 Officers around initial priority works activity for SKDC, and complete due diligence.

## **7 Financial Implications**

- 7.1 It is anticipated that most of the works undertaken by Gen2 by SKDC at this time will attract fee rates of circa 2% of the total works. Some individual fee negotiations may be necessary. It is proposed all such fees incurred be charged against the specific project as required. All fee agreements procurement works, and professional services are to be provided on a strict 'open book' basis between Gen2 and SKDC and in accordance with the Council's procurement and Financial regulation requirements. Welland Procurement, as the Council's approved strategic procurement advisor, has been involved in the discussions and will support Gen2 as necessary.

**Financial Implications reviewed by: Richard Wyles, Interim Director of Finance**

## **8 Legal and Governance Implications**

- 8.1 The Council's financial regulations require 3 quotes to be obtained for contracts up to £50k. This is not proposed in this case, and Cabinet will need to be satisfied that there were compelling reasons for this. A longer-term partnership is an attractive option but as it amounts to the procurement of services, the Council will need to procure such services through an open tender process or through a framework, to be compliant with procurement law.
- 8.2 GEN2 have been asked for assurance as to their ability to trade with other local authorities, and the entry into these three contracts should be subject to appropriate assurances.

**Legal Implications reviewed by: Shahin Ismail, Director of Law and Governance.**

## **9 Equality and Safeguarding Implications**

- 9.1 There are no specific Equality and Safeguarding issues associated with this report recommendations. Separately in procuring contract works the necessary Equality and Safeguarding matters will be considered.

## **10 Risk and Mitigation**

- 10.1 The necessary reference and financial due diligence checks will be completed before any formal partnership agreement is finalised. The necessary risk assessment and risk logs will be established for contract works procured, and these will be reviewed as part of the client management arrangements.

## **11 Community Safety Implications**

- 11.1 These will be considered as contract works are procured. The objective of this report is to ensure compliance in critical regulated housing service areas with least risk.

**12 How will the recommendations support South Kesteven District Council’s declaration of a climate emergency?**

12.1 Works procured include improved heating and energy efficiency measures to improve carbon emission targets and secure warmer safer homes.

**13 Other Implications (where significant)**

13.1 None.

**14 Background Papers**

14.1 None.

**15 Appendices**

15.1 None.

<b>Report Timeline:</b>	Date of Publication on Forward Plan (if required)	Urgent Report
	Previously Considered by:	N/A
	Final Decision date	2 March 2021