

**Meeting of the Cabinet – 7th December 2011**

**Joint Report of the Director of Adult, Community and Housing Services and the Director of Corporate Resources**

**Housing Repairs and Maintenance: Procurement and Delivery of Services**

**Purpose of Report**

1. To report to Cabinet the outcomes of an options appraisal in respect of the service delivery of a repairs and maintenance service for the Council's Housing stock.
2. To report back to Cabinet progress to date in respect of a Joint Venture Option for Dudley.

**Background**

3. At Cabinet on 14<sup>th</sup> July 2011, members agreed that work would commence on the development of a Joint Venture solution for Dudley, whilst at the same time undertaking an options appraisal which would assist Cabinet in its decision making process.

**Strategic Options Appraisal**

4. An independent report was commissioned from Housing Quality Network (HQN). HQN were chosen on the basis that they are the housing sectors largest housing consultancy with extensive experience of undertaking options appraisals of this nature
5. Four options were identified as being:
  - Maintaining the status quo
  - Contracting out
  - Joint Venture
  - Managed Service
6. In analysing the report of HQN, officers concluded that for Dudley, if considering an externalisation, the Joint Venture was the preferred option as opposed to contracting out its service. Whilst it was also accepted that the status quo could not be maintained it was felt that further workforce discussions should be explored at this stage of the development.
7. In order to arrive at the best possible options for Dudley and to ensure that there is useful and meaningful engagement with the workforce, negotiations regarding current and future terms and conditions be continued until 31<sup>st</sup> January 2012.

**Joint Venture Development.**

8. The Council has engaged Anthony Collins Solicitors to provide expert advice on establishing a Joint Venture Organisation.

9. Having taken advice, any joint venture contract is likely to be of 7-10 year duration (with suitable break clauses) with the initial extent of works envisaged to deliver around £30m of repairs and maintenance per annum to the Council's housing stock. Specifically this would include:
- Quick Response;
  - Cyclical repairs and voids;
  - Improvement works.
10. Issues that are still to be developed in respect of the Joint Venture include:
- Procedure and process for competitive dialogue;
  - Identification of a suitable legal framework;
  - Establishing advice on 'admitted status' for any Joint Venture to the Local Government Pension Scheme;
  - Development of the client side function.

### **Employee Consultation**

11. During the development phase around the future of Building Services, consultation will continue with employees and their representatives. This consultation will include progress in respect of key issues relating to terms and conditions and the wider context of a potential Joint Venture, together with any other option that may become apparent as part of the process.

### **Finance**

12. Housing repairs, maintenance and improvements are funded from the Housing Revenue Account (HRA) and the public sector housing capital programme.
13. Provision has been made in the Housing Revenue Account (HRA) for funding to deliver the Joint Venture, and this will finance the cost of consultants and advice to establish and set up the joint venture.
14. There may be an impact on the Council's General Fund arising from the treatment of support services (legal, finance, ICT, HR, etc) currently provided to the DLO. There may also be an impact as a result of the Joint Venture's application to be an admitted body to the Local Government Pension Scheme. These potential impacts cannot be quantified at this time
15. 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**

16. HRA finances are governed by Section 74-88 in Part IV of the Local Government and Housing Act 1989.
17. Procurement of the joint venture would need to be undertaken in accordance with the EU Procurement Directives.

## **Equality Impact**

18. As part of the Joint Venture development work on an Equality Impact Assessment has commenced and the overarching EIA is attached as Appendix 1.
19. The initial EIA process has established that the procurement phase of the joint venture is unlikely to have an impact on service users because service standards are not envisaged to change as a direct result of the procurement. The EIA will therefore focus initially on ensuring equality for employees, but will continue to be monitored and updated throughout the procurement and delivery of the joint venture to ensure that the service continues to promote independence and improve quality of life for all disadvantaged groups.
20. It will be necessary to develop an EIA to capture any outcomes of discussions that may lead to an alternative to the Joint Venture route being identified.

## **Recommendations**

21. It is recommended that Cabinet:
  - a) Approve continued development of a Joint Venture option as the preferred externalisation route to meet the service needs of Dudley
  - b) Open up discussions with Unions to explore other options to externalisation on the basis that these are concluded by 31/01/12



.....  
**Andrea Pope-Smith**  
**Director of Adult Community  
and Housing Services**

.....  
**Philip Tart**  
**Director of Corporate Resources**

Contact Officer: David Harris, Assistant Director  
Telephone: 01384 812134  
Email: [david.harris@dudley.gov.uk](mailto:david.harris@dudley.gov.uk)

List of Background Papers:

- HQN Report
- Equality Impact Assessment