

Thurrock - An ambitious and collaborative community which is proud of its heritage and excited by its diverse opportunities and future

Cabinet

The meeting will be held at **7.00 pm** on **8 November 2023**

Council Chamber, C03, Civic Offices, New Road, Grays, Essex RM17 6SL

Membership:

Councillors Andrew Jefferies (Chair), Deborah Arnold (Deputy Chair), Adam Carter, George Coxshall, Barry Johnson, Ben Maney and Graham Snell

Agenda

Open to Public and Press

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Exclusion of the Public and Press

Members are asked to consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part I of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act.

In each case, Members are asked to decide whether, in all the circumstances, the public interest in maintaining the exemption (and discussing the matter in private) outweighs the public interest in disclosing the information.

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Queries regarding this Agenda or notification of apologies:

Please contact Rhiannon Whiteley, Senior Democratic Services Officer by sending an email to Direct.Democracy@thurrock.gov.uk

Agenda published on: **31 October 2023**

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DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF

Breaching those parts identified as a pecuniary interest is potentially a criminal offence

Helpful Reminders for Members

- *Is your register of interests up to date?*
- *In particular have you declared to the Monitoring Officer all disclosable pecuniary interests?*
- *Have you checked the register to ensure that they have been recorded correctly?*

When should you declare an interest *at a meeting*?

- **What matters are being discussed at the meeting?** (including Council, Cabinet, Committees, Subs, Joint Committees and Joint Subs); or
- If you are a Cabinet Member making decisions other than in Cabinet **what matter is before you for single member decision?**



Does the business to be transacted at the meeting

- relate to; or
- likely to affect

any of your registered interests and in particular any of your Disclosable Pecuniary Interests?

Disclosable Pecuniary Interests shall include your interests or those of:

- your spouse or civil partner's
- a person you are living with as husband/ wife
- a person you are living with as if you were civil partners

where you are aware that this other person has the interest.

A detailed description of a disclosable pecuniary interest is included in the Members Code of Conduct at Chapter 7 of the Constitution. **Please seek advice from the Monitoring Officer about disclosable pecuniary interests.**

What is a Non-Pecuniary interest? – this is an interest which is not pecuniary (as defined) but is nonetheless so significant that a member of the public with knowledge of the relevant facts, would reasonably regard to be so significant that it would materially impact upon your judgement of the public interest.

Pecuniary

If the interest is not already in the register you must (unless the interest has been agreed by the Monitoring Officer to be sensitive) disclose the existence and nature of the interest to the meeting

If the Interest is not entered in the register and is not the subject of a pending notification you must within 28 days notify the Monitoring Officer of the interest for inclusion in the register

Unless you have received dispensation upon previous application from the Monitoring Officer, you must:

- **Not participate or participate further in any discussion of the matter at a meeting;**
- **Not participate in any vote or further vote taken at the meeting; and**
- **leave the room while the item is being considered/voted upon**

If you are a Cabinet Member you may make arrangements for the matter to be dealt with by a third person but take no further steps

Non-pecuniary

Declare the nature and extent of your interest including enough detail to allow a member of the public to understand its nature



You may participate and vote in the usual way but you should seek advice on Predetermination and Bias from the Monitoring Officer.

Our Vision and Priorities for Thurrock

An ambitious and collaborative community which is proud of its heritage and excited by its diverse opportunities and future.

1. **People** – a borough where people of all ages are proud to work and play, live and stay
 - High quality, consistent and accessible public services which are right first time
 - Build on our partnerships with statutory, community, voluntary and faith groups to work together to improve health and wellbeing
 - Communities are empowered to make choices and be safer and stronger together

2. **Place** – a heritage-rich borough which is ambitious for its future
 - Roads, houses and public spaces that connect people and places
 - Clean environments that everyone has reason to take pride in
 - Fewer public buildings with better services

3. **Prosperity** – a borough which enables everyone to achieve their aspirations
 - Attractive opportunities for businesses and investors to enhance the local economy
 - Vocational and academic education, skills and job opportunities for all
 - Commercial, entrepreneurial and connected public services

Minutes of the Meeting of the Cabinet held on 11 October 2023 at 7.00 pm

The deadline for call-ins is Monday 23 October 2023 at 5.00pm

Present: Councillors Andrew Jefferies (Chair), Deborah Arnold (Deputy Chair), Adam Carter, George Coxshall, Barry Johnson and Graham Snell

Apologies: Councillor Ben Maney

In attendance:
Mark Bradbury, Interim Director of Place
Asmat Hussain, Director of Legal and Governance and Monitoring Officer
Steven Mair, Interim Chief Financial Officer/Section 151 Officer
Dr Dave Smith, Chief Executive and Managing Director
Commissioner
Ian Wake, Corporate Director of Adults, Housing and Health
Rhiannon Whiteley, Senior Democratic Services Officer

Before the start of the Meeting, all present were advised that the meeting may be filmed and was being recorded, with the audio recording to be made available on the Council's website.

173. Minutes

The minutes of the Cabinet meeting held on 13 September 2023 were approved as a correct record. Councillor D Arnold raised that there was a typo in the last paragraph for the item Progress on Thurrock Council's Improvement and Recovery plan where the word 'love' should be replaced with 'live'.

The exempt minutes of the Cabinet meeting held on 13 September 2023 were approved as a correct record.

174. Items of Urgent Business

Councillor Jefferies invited Councillors J Kent, N Speight and P Arnold who were sitting in the public gallery to come forward and join the meeting if they wanted to ask questions or comment.

Councillor Jefferies confirmed he had agreed to one urgent item of business which is an urgent report titled Resource to Support the Council's Budget Progress.

Councillor Snell introduced the report and explained that it concerned taking on PWC (Price Waterhouse Cooper). Councillor Snell stated that the Council is facing a wide range of financial challenges which it is currently addressing by divesting investments, capital asset sales, reducing the capital programmes and making revenue budget savings. Councillor Snell stated that it is a huge task and it is therefore sensible to procure some short term support in the area of revenue budget savings. Various options have been looked at internally and externally but the decision has been made to procure PWC for 22 weeks to find 5.2 million pounds of savings recurring each year. The cost of procuring PWC is £800,000 and this will come from the Transformation Fund.

Councillor Jefferies clarified that it is spending £800,000 to save 5.2 million pounds every year and they will also be looking at how to save 18.2 million for next year. Councillor Jefferies added that the Finance department is stretched and there is a restructure taking place, PWC have expertise that can be passed on to existing members of staff.

Councillor Speight stated that in recent meetings members and the public have been told that the Council is making progress and is on track to make the savings required and now they are being told the Council will be paying £800,000 to an independent organisation and they might not be able to achieve the savings. Councillor Speight queried if members and the public can believe what they are being told.

Councillor Snell clarified that it is an ongoing project, and the Council is well on its way to finding the 18.2 million pounds of savings for the year 2024/25. However, the finance team is poorly resourced and has been working absolute miracles. External advice has been provided on the investments and assets sales as we don't have that expertise within the Council. We are learning from the experts and ensuring our savings plan for future years is robust now. Councillor Snell stated that it is an £800,000 one off spend and the money is coming from the transformation fund of 12 million pounds. This is exactly what the fund is there for. The Council needs to recover and it needs the best possible help to do that.

RESOLVED:

- 1.1 It is recommended that the Council enter into a contract for services with PWC through to February 2024 for the value specified in the financial implications to support the Council's change and budget process.**

*Reason for the decision: As outlined in the report
This decision is subject to call-in*

175. Declaration of Interests

No interests were declared.

Councillor Speight commented that he did not think Councillor Carter or Councillor Coxshall agreed to the recommendation for the last item concerning the urgent report on Resources to Support the Council's Budget Process. Councillor Jefferies responded that all members of Cabinet had approved the last recommendation.

176. Statements by the Leader

Councillor Jefferies stated that all our thoughts and prayers this evening and for the foreseeable future should be with those involved in the terrible situation in the middle East and we should all hope for a speedy resolution to the difficulties there and hope for less loss of life.

177. Briefings on Policy, Budget and Other Issues

There were no briefings on Policy, Budget or Other Issues.

178. Petitions submitted by Members of the Public

No Petitions were submitted by Members of the Public.

179. Questions from Non-Executive Members

There were no questions from Non-Executive Members.

180. Matters Referred to the Cabinet for Consideration by an Overview and Scrutiny Committee

There were no matters referred to the Cabinet for consideration by an Overview and Scrutiny Committee.

181. Delegated Decisions taken since the last meeting

Councillor Jefferies stated that this will be a new standing item on the Cabinet agenda which is being trialled to improve transparency of decision making. At every Cabinet meeting a list of delegated decisions taken in the preceding month will be listed. The ED2 forms are published online and are subject to call in. Councillor Jefferies reiterated that it is a trial and any feedback is welcomed from Cabinet and the public.

Councillor Speight commented that he has received reports from members of the public that when he was talking earlier in the meeting, he could not be heard by those listening to the live webcast online as his microphone was not working. Councillor Speight stated that this was not being transparent.

Councillor Jefferies responded that this was because Councillor Speight did not turn his microphone on and there has been greater transparency since he has been Leader of the Council than there has ever been and he will continue in that vein.

182. Draft Thurrock Design Charter (Decision: 110670)

The Interim Director of Place introduced the report. He apologised that the report in the agenda included the recommendations for the Planning, Transport and Regeneration Overview and Scrutiny Committee to consider. The correct recommendation that should be before Cabinet will be read out at the end of the item.

The Interim Director of Place stated that the Thurrock Design Charter provides an update to the adopted Thurrock Design Strategy SPD (March 2017). The Charter reflects recent changes to national policy, guidance, and best practice in relation to design and place-making as well as aligning with more recent published Council strategies. The development of the Charter and its consultation aligns with the development of the Local Plan and helps inform and provide a baseline for strategic policies on design, including the forthcoming borough-wide design code.

As a Local Planning Authority, the Council is expected to follow the National Planning Policy Framework (NPPF) as a material consideration, which requires Local Plans to set out a clear vision for design, including the preparation of design guides or codes, developed with local communities that reflect local aspirations. Additionally, the Levelling Up and Regeneration Bill intends to make the production and adoption of a design code a statutory requirement for all local planning authorities. The Thurrock Design Charter has been refined to act as a 'vision statement' for a wider design code for Thurrock, preparing for this proposed new statutory duty. Paragraph 2.6 sets out the key differences between the current adopted design strategy from 2017 and this proposed draft.

The Interim Director of Place confirmed the amendments to the recommendation as set out below.

Councillor Coxshall stated that one of the key differences between this design strategy and the last one is the language used was complex and difficult to understand. Councillor Coxshall commented that he was really glad this has been changed in the current strategy as it should be a document that anyone can pick up and read and be able to understand what is trying to be delivered. Councillor Coxshall highlighted that officers should be mindful of this when it goes out to consultation.

The Interim Director of Place confirmed that whilst all the recommendations were accepted by the Planning, Transport and Regeneration Overview and Scrutiny Committee they did encourage officers to consider some of the

language in parts of the report and that will be done before it goes out to consultation.

Councillor Snell agreed with the recommendation and commented that the report is clear and looks uplifting and encouraging however if this report is going out to the public, page 6 was unreadable and needs to be changed.

Councillor Jefferies stated that we have promised a local plan and this is the first step.

RESOLVED:

- 1.1 Cabinet is asked to approve the draft Thurrock Design Charter for public consultation and agree to delegate authority to the Interim Director of Place in consultation with the relevant Portfolio Holder to make any changes resulting from that consultation and to adopt the final version.**

*Reason for the decision: As outlined in the report
This decision is subject to call-in*

183. Direct Payment Support Services (Decision: 110671)

Councillor Jefferies explained that the report does have an exempt appendix and therefore reminded members and officers not to discuss the contents of the exempt appendix whilst the meeting is being live streamed and if anyone does wish to discuss the contents of the appendix the meeting can go into a closed session and members of the public and the press asked to leave. No members indicated they wanted to discuss the exempt appendix.

Councillor Coxshall introduced the report and explained that the council has a statutory duty under the Care Act (2014) to provide support services to eligible direct payment users. This service enables vulnerable adults and children to live within their family home and maximise independence and choice of care provision. The Council currently supports 400 managed adults accounts and 489 active adult and 161 child direct payment users are provided with information and advice.

The Council has used the same provider for the last 9 years. The budget hasn't changed for the direct payment administration since 2013 and the Council does not have the skilled work force or systems in place to deliver this service. The Council is still working to the same budget of close to £70,000 since this was assigned in 2013. There has been a 107% increase in usage of

direct payments and service users are been encouraged to use the direct payments system.

The recommendation is that the Council goes out to market tender with a budget of up to £120,000 per annum to see what the market comes back with. Whilst price is a concern so is quality.

Councillor Jefferies commented that he fully supports that the money gets to the service users themselves, they know best and where to get their services from.

Councillor Arnold highlighted that it is a vital service and the user needs to have confidence in the supplier, whilst it is right to go out to tender there needs to be good consultation with the users of the service to make sure they feel confident especially if there are some changes coming.

Councillor Coxshall responded that they have already consulted with service users and care providers and they are really happy with the current service, it is therefore important that the quality does not slip.

RESOLVED:

- 1.1. That Cabinet agree that the contract be put out to tender with no fixed price point enabling the market to price against the activities required to ensure a sustainable service for the lifetime of a contract (four + one + one years).**
- 1.2. That Cabinet agree that the contract be resourced to ensure statutory obligations can be appropriately met and responsibility for the awarding of any tender be delegated to the responsible Director (Corporate Director for Adults, Housing and Health) in consultation with the Portfolio Holder for Adult Social Care.**

*Reason for the decision: As outlined in the report
This decision is subject to call-in*

184. Revenue & Benefits SaaS (Software as a Service) - Reprocurement (Decision: 110672)

Councillor Arnold introduced the report and explained that the current Revenue and Benefits (SaaS) application provides the system required to operate all matters pertaining to Council Tax, Non Domestic Rates and Housing Benefits; it is one of the largest applications at the Council and has been in operation for nearly 20 years. Councillor Arnold stated that

operationally it seems it was easier to not rock the boat and the contract has run on with extensions for 20 years without going out to tender.

Councillor Arnold confirmed it is not going to be easy and requires a full corporate project to be scoped but it is the right thing to do. Councillor Arnold stated that she is therefore recommending option 2, to seek a short contract of 3 years to keep the ship steady and to allow time for a full tender process.

Councillor Snell stated that you do not know what is out there until you look. To not tender a contract for 20 years is madness. Councillor Snell confirmed he agreed with the recommendation and to take the time to do it properly.

Councillor Jefferies confirmed he also agreed with option 2.

RESOLVED:

That Cabinet

- 1.1 Approve the procurement of a 3 year contract from November 2023 using the Crown Commercial Services Contract (CCS) Framework as set out in section 3.2 of this document**
- 1.2 Approve the commencement of a competitive procurement exercise from November 2023 to enable a 5-year contract (with the option to extend for 5 years) to be in place for November 2026, utilising the CCS Framework or other framework or competitive process.**
- 1.3 Delegate authority to Director of HR, OD and Transformation and the Chief Financial Officer to agree and award a new contract in consultation with the Portfolio Holder.**

*Reason for the decision: As outlined in the report
This decision is subject to call-in*

185. Grays Underpass Update Report (Decision: 110673)

Councillor Jefferies explained that in the absence of Councillor B Maney, the Interim Director of Place will present the report.

The Interim Director of Place confirmed that this is one of three reports tonight which the BVI highlighted as lacking in good project management. The projects are subject to review and updates and recommendations will be provided as to a way forward.

All three reports have been considered by the Planning, Transport and Regeneration Overview and Scrutiny Committee who unanimously supported

the recommendations and welcomed the clarity and openness on the reporting of these projects now.

The review of Gray's Underpass started with understanding the true cost of it. The original budget of £27.4m was approved by Cabinet in 2017. Cabinet approved a further increase in the forecasted budget to £37.3m in 2021. The current budget forecast is £46m based on the latest costings from Network Rail (GRIP 4) design. Forecasted cost estimates have consistently increased as the detailed design for the Underpass have been developed and greater certainty around the implementation impacts on the operational railway. This has resulted in a significantly longer build programme and more expensive technical solutions required to deal with utility diversions, track possessions and changes required for planning. Whilst inflation has been a factor it is clear there was a lack of understanding of the project from the outset. The review acknowledged that the current level crossing is a safety risk and whilst there have been no fatalities the number of 'near misses' has increased. The review recommends that an alternative design and delivery approach is examined based on the development of the Station Quarter concept. This would seek to deliver the new pedestrian crossing over the railway, potentially as part of a new station and mixed-use residential development. It is proposed that Cabinet approve the adoption of this approach and instruct officers to examine the potential for the establishment of a strategic partnership with Network Rail and others, including the drafting of operational principles covering possible design options, partnership arrangements for delivery and roles and responsibilities. A further report on development options, including funding options will be brought back to Cabinet for consideration before the SELEP (Southeast Local Enterprise Partnership) Accountability Board meeting in February 2024.

Councillor Jefferies commented that he agreed with the report and the BVI made it clear that the Council messed up on these things and need to get it right and this report is a step in the right direction. Councillor Jefferies also noted the Planning, Transport and Regeneration Overview and Scrutiny Committees comments and actions requested of officers such as a detailed breakdown of current costs and for the Committee to be updated with regular reports. Councillor Jefferies confirmed he wholeheartedly supported these requests.

Councillor Coxshall echoed Councillor Jefferies comments and agreed with regular reports coming back to Cabinet and Overview and Scrutiny. Councillor Coxshall highlighted that the Council should also be consulting with other partners such as Morrisons and others in the High Street. All stakeholders want to see a regeneration in the High Street.

Councillor Carter stated that Thurrock has always had a lot of ambition to regenerate, it is the follow through that has been the problem. He welcomed the regular reports and the opportunity to look at what went wrong. He stressed that Thurrock still has a lot of ambition and he welcomed it.

Councillor D Arnold commented that whilst it was positive that the Planning, Transport and Regeneration Overview and Scrutiny Committee unanimously supported the recommendations, the minutes of the meeting on the 28 September 2023 were only received today and she would have liked for Cabinet to have had the opportunity to look at them in advance of the meeting. Councillor D Arnold also raised that these are large investments and concern a large amount of money and she queried what actions and learning are being taken forward so the Council knows when to stop.

The Interim Director of Place agreed it was a valid point and confirmed that at this stage they are looking at what the delivery options are and will then be bringing it back to Cabinet. Historically with these projects it was press go and keep on going until somebody asked a question. A report will be brought back through scrutiny and Cabinet at each point a decision is required. It is clear the Council needs to have ambition and vision but it is not likely to be the delivery partner. Network Rail are the right people to deliver this. The Council needs to make sure in any project going forward that the balance of cost is better, the previous proposal placed a small burden on the Rail Authority and the bulk on the Council.

Councillor Johnson stated that all partners need to be brought in to work on this. In the past we have been lenient to partners and they need to know their level of responsibility is just as high as ours

RESOLVED:

CABINET

- 1.1 Agree to cease further development work on the Underpass scheme and withdraw the planning application.**
- 1.2 Delegate to the Director of Place, in consultation with the Portfolio Holder for Regeneration, Strategic Planning and External Relationships and Commissioners authority to implement the development strategy set out in Paragraphs 4.1- 4.3 and to assess operational principles covering a potential Station Quarter development partnership with Network Rail and other strategic partners.**

*Reason for the decision: As outlined in the report
This decision is subject to call-in*

186. Stanford-le-Hope (SLH) Station/ Interchange Update Report (Decision: 110674)

Councillor Jefferies highlighted to the Cabinet members that appendix 2 to the report is exempt however if nobody wanted to discuss the appendix he would propose that the meeting remains in open session.

The Interim Director of Place introduced the report and explained that a review of the project has taken place to understand the current cost of the proposal.

The main aims of the Project are to:

- Develop a Transport interchange that will connect bus, rail, cycle, taxi, and pedestrian modes of transport at Stanford-le-Hope Train station.
- Expand capacity at Stanford-le-Hope Train Station.
- Implement a package of works that meets the requirements of travel plans for London Gateway and unlocks the next phase of development at London Gateway.
- Provide improvements to public transport infrastructure and service reliability to new housing developments and to the major employment growth sites at London Gateway/Coryton.
- Help curb traffic growth and minimise growth in transport emissions in the area through this new transport interchange.

There are several stakeholders involved in the project including UK Power Networks, SELEP, Train Operating Company - c2c, Network Rail and DP World. The Council has actively promoted the redevelopment of the SLH train station building and was instrumental in the demolition of the old station building on the proviso that a new station building would be procured. This is still the expectation of both Network Rail and train operator c2c. Failure to procure the new station building could result in separate financial claims from both Network Rail and c2c. The Stanford-le-Hope train station has been subject to significant design changes since it was originally promoted.

There was a deliverable scheme to bring forward the station but following a tender, cost increases around interest rates meant we were unable to proceed. There is a lot of work to do around how these projects and how they are going to be funded and it is likely the rail operator will be the delivery partner instead of the Council.

Councillor Jefferies reassured the people of Stanford-le-Hope that they have a clear direction now. Councillor Jefferies was pleased to note the comments from the Planning, Transport and Regeneration Overview and Scrutiny Committee thanking officers for their honesty in the report. Councillor Jefferies stated that they will deliver a station for the people of Stanford-le-Hope.

Councillor Snell commented that at a recent Council meeting some doubt was raised as to whether some of the funding from SELEP was used for the correct purpose. He queried if officers were confident that SELEP will regard it as money well spent.

The Interim Director of Place confirmed the funding had been used for the correct purpose and they have a continuing dialogue with SELEP and have reassured them that there is a credible delivery plan. Through working constructively with SELEP around their deadlines they have been able to ensure that they can still use that funding.

RESOLVED:

CABINET

- 1.1 Note the outcomes of the project review process and funding options.**
- 1.2 Approve for Phase 2 SLH Transport Interchange design option and the submission of the planning application.**

*Reason for the decision: As outlined in the report
This decision is subject to call-in*

187. Purfleet-On-Thames Regeneration (Decision: 110675)

The Interim Director of Place introduced the report in Councillor Maney's absence. In order for Purfleet Centre Regeneration Limited (PCRL) to fulfil its role as lead developer and deliver the planned programme set out in the Development Agreement (DA) they are required to access sufficient additional levels of funding (equity, debt and grant) to bring the project forward and a well-resourced team able to effectively manage all workstreams. PCRL has insufficient equity funding and have sought investment from a number of third parties.

The persistent failure by PCRL to secure additional funding and advance the delivery programme has resulted in a ninth Reservation of Rights letter (RoR) to be issued by Homes England (HE) to Thurrock Council and the Back to Back Agreement with PCRL, in relation to the Grant Determination Agreement (GDA), covering the £75m Housing Infrastructure Fund grant.

The Council is concerned that there is a material risk that the development milestones as set out in the GDA cannot be achieved. Given the prolonged and continued default position there is a real possibility that Homes England will invoke provisions with the GDA and withdraw the HIF funding and commence legal proceeding against the Council to clawback grant expenditure to date. Officers have assessed, with external legal support, all legal remedies available to the Council to address this default situation and minimise any financial exposure to the Council. Following this assessment it is recommended that the Council agree to mutually withdrawal, with Homes England, from the GDA. This effectively terminates the Purfleet HIF Grant Determination Agreement with Homes England and the Back to Back HIF Grant Determination Agreement with PCRL. Homes England have confirmed

in writing that it will not demand or seek repayment of any funding in connection with the Funding Agreement. This is subject to the Council agreeing to the mutual withdrawal and entering into the appropriate deed to enact this.

PCRL have continued to attempt to address the funding situation and the Council is mindful to examine alternative funding options; the latest being a proposal involving the English Cities Fund, a consortium of Homes England, Legal & General and Muse. Whilst encouraging, the response from PCRL to the current RoR letter does not contain sufficient detail for the Council to realistically conclude that the scheme can be delivered within the terms or timeframe of the current Grant Determination Agreement. However, following early engagement with PCRL and representatives of the English Cities Fund, officers believe there is merit in examining further the current proposal. Officers are therefore recommending that the Council work with PCRL and ECF, over a period of up to 3 months, to establish whether there are firm proposals.

In summary the HIF funding is no longer available and it will either be withdrawn with possible penalties for clawback or we mutually withdraw. There remains interest in developing the project and conversations with the English Cities Fund are ongoing but other options will also be looked at.

The Chair of the Purfleet-On-Thames Community Forum confirmed they had supported the project since its fruition and he is deeply saddened as to where it is now. A great amount of work has been put into the project and now they don't know what is going to happen. Purfleet is at the end of the borough and there are a lot of houses but no social infrastructure. He explained that he had been a resident in Purfleet for 43 years and since then there has been a new senior school built and a new health centre however it is not fit for purpose as it is not big enough. In 1980 there were 4000 residents and there are now 12000. There has been all these developments and they have not brought any infrastructure to make things better and green spaces have been lost by the bucket load. The project was a way to rectify this. There was 75 million pounds to help support the infrastructure, 27 million has been spent and there is still no infrastructure and he wanted to know why. The Chair of the Purfleet Community Forum stated that he hopes the new Interim Director can wave a magic wand and get the project back on track.

Councillor Jefferies responded that he is also sad and angry about the project. He commented that he has seen the school and it is fantastic.

The Interim Director of Place stated that through discussions with the English Cities Fund, Homes England want to continue to support but the HIF didn't allow them to do it through that vehicle. It is recognised that the community has played an enormous role and the infrastructure is key to the Communities ongoing involvement.

Councillor Coxshall commented that he used to be a resident of Purfleet and there wasn't much there in the way of infrastructure. Out of all 3 projects this

one shocks him the most. There has been talk of Purfleet getting a town centre for years. It is unacceptable that what has been promised has not been delivered. He confirmed he is glad Homes England are still committed and stressed that they need to get this over the line.

The Interim Director of Place confirmed that a significant amount of the expenditure can be used going forward such as the land acquisitions, remedial works and there are project designs which can potentially be taken forward.

Councillor D Arnold commented that she remembered the Chair of Purfleet Community Forum addressing a Council meeting 9 years ago speaking with the same tenacity as he did this evening about Purfleet being called Purfleet-on-Thames. Councillor Arnold urged him not to lose that tenacity. Councillor Arnold stressed that Community based decision making is what is needed.

The Vice Chair of the Purfleet Community Forum sought reassurance that any new development will not just be houses but shops and hotels and other forms of infrastructure.

The Interim Director of Place confirmed that this is the intention.

Councillor Jefferies added that the local plan is being developed now and it is not just about building houses, the administration wants to build communities that have all those things.

RESOLVED:

CABINET

- 1.1 Notes the financial risk assessment and delegates authority to the Director of Place, in consultation with the Director of Law and Governance and the Portfolio Holder for Regeneration, Strategic Planning and External Relationships and Commissioners (1) to endeavour to negotiate a tripartite exit agreement with Homes England and Purfleet Centre Regeneration Limited and if that is not a viable option to agree a mutual withdrawal, with Homes England, from the Purfleet Housing Grant Determination Agreement which will lead to the determination of the Back to Back GDA with Purfleet Centre Regeneration Limited and (2) to take all steps necessary to terminate the Development Agreement and other associated agreements following the termination of the Grant Determination Agreement and the Back to Back GDA if he is satisfied this is the best option for the Council.**
- 1.2 Agree to examine the development option being proposed by PCRL and English Cities Fund and delegates authority to the Director of Place, in consultation with the Director of Law and Governance and the Portfolio Holder for Regeneration, Strategic**

Planning and External Relationships to negotiate and bring back to Cabinet an alternative development proposal no later than 13th March 2024 Cabinet Meeting.

*Reason for the decision: As outlined in the report
This decision is subject to call-in*

The meeting finished at 8.07 pm

Approved as a true and correct record

CHAIR

DATE

**Any queries regarding these Minutes, please contact
Democratic Services at Direct.Democracy@thurrock.gov.uk**

8 November 2023	ITEM: 12 Decision: 110677
Cabinet	
London Gateway Logistics Park Local Development Orders	
Wards and communities affected: Corringham and Fobbing, Stanford East and Corringham Town, The Homesteads and Stanford le Hope West	Key Decision: Yes
Report of: Cllr Ben Maney, Cabinet Member for Regeneration and Highways	
Accountable Director: Mark Bradbury – Director of Place	
This report is Public	

Executive Summary

This report is concerned with the planning consenting regime for securing the delivery of strategic employment development at London Gateway logistics park. The report details how, in order to ensure that the recent economic growth, jobs and investment at the park continue to be delivered in an efficient and sustainable manner a new Local Development Order is required.

The report explains that development on the logistics park site has been subject to the provisions of a Local Development Order (LDO) since 2013. As this Order is time-limited for a period of 10 years, the report explains the work undertaken so far in preparing a new Order (referred to as ‘LDO2’) This report also provides an update on progress with LDO2 since the matter was reported to the Planning Committee in July 2021 and February 2023. This report asks that the final decision on whether to adopt LDO2 is delegated to the Planning Committee.

The report also notes that DP World London Gateway (DPWLG) have recently approached Officers regarding potential development of up to 85,000 sq. m. of commercial floorspace on land within the logistics park site and the planning mechanism for securing planning consent to enable this development. The report considers this particular development plot in the context of the existing LDO, the emerging LDO2 and other planning mechanisms for delivery i.e. a limited, stand-alone Local Development Order for this Plot (LDO1.5).

1. Recommendations

- 1.1 To note this report, the progress made so far on LDO2 and the future actions and processes necessary to bring LDO2 to a position where it is ready to be adopted.
- 1.2 To recommend to the Council meeting on 29 November 2023 that it delegates authority on the decision whether or not to adopt LDO2 to the Planning Committee.
- 1.3 To recommend to the Council meeting on 29 November 2023 that it delegates authority on the decision whether or not to adopt 'LDO1.5' to the Planning Committee.

2 Introduction and background

- 2.1 A planning application for the redevelopment of the former Shell Haven oil refinery site was submitted to the Council in January 2002 (application reference 02/00084/OUT). The application was subsequently "called-in" by the Secretary of State in June 2002 and a public inquiry was held during 2003. This inquiry also considered an application for a Transport and Works Act Order for works to various railways adjoining the site and a proposed Harbour Empowerment Order, for the construction and operation of a new port adjacent to the River Thames. Outline planning permission (OPC) was granted by the Secretary of State on 30th May 2007.
- 2.2 The London Gateway Logistics and Commercial Centre Order 2007, issued pursuant to the Transport and Works Act, came into force on 28th September 2007. The London Gateway Port Harbour Empowerment Order 2008 (HEO) came into force on 16th May 2008 and the dredging operations necessary to create the new port commenced in March 2010. The first berth at London Gateway Port came into operational use in November 2013. Currently three berths are in use at the Port, with a fourth berth currently under construction and due for completion in 2024.
- 2.3 The development consented by the outline planning permission from May 2007 comprised the construction of a road and rail linked logistics and commercial centre, comprising up to approximately 938,600sq.m of employment-generating floorspace. The planning permission was subject to a s106 legal agreement and a large number of planning conditions. Following the grant of outline planning permission, the former Thurrock Thames Gateway Development Corporation (TTGDC) determined a number of applications from the owners of the site (DP World London Gateway - DPWLG) for the discharge of planning conditions, variation or non-compliance with planning conditions (under s73 of the Town and Country Planning Act 1990) and an application for the approval of reserved matters. Commencement of the development approved under the 2007 permission was undertaken by DPWLG in the form of the construction of a section of internal estate road.
- 2.4 However, between 2008 and 2010 it became clear to DPWLG, the former TTGDC and the Council that development pursuant to the outline planning

permission would be complex. This conclusion was reached principally because the legal effect of the s73 planning consents was to create a number of new, stand-alone planning permissions, in addition to the original outline planning permission (ref. 02/00084/OUT). This had the potential to create uncertainty with regard to what had been permitted on the site and which consent had been implemented. The original planning permission was also subject to a large number of planning conditions (96 in total). This factor, alongside the multiple permissions, resulted in complexity surrounding the planning status of the site which could have led to confusion concerning the status and monitoring of conditions.

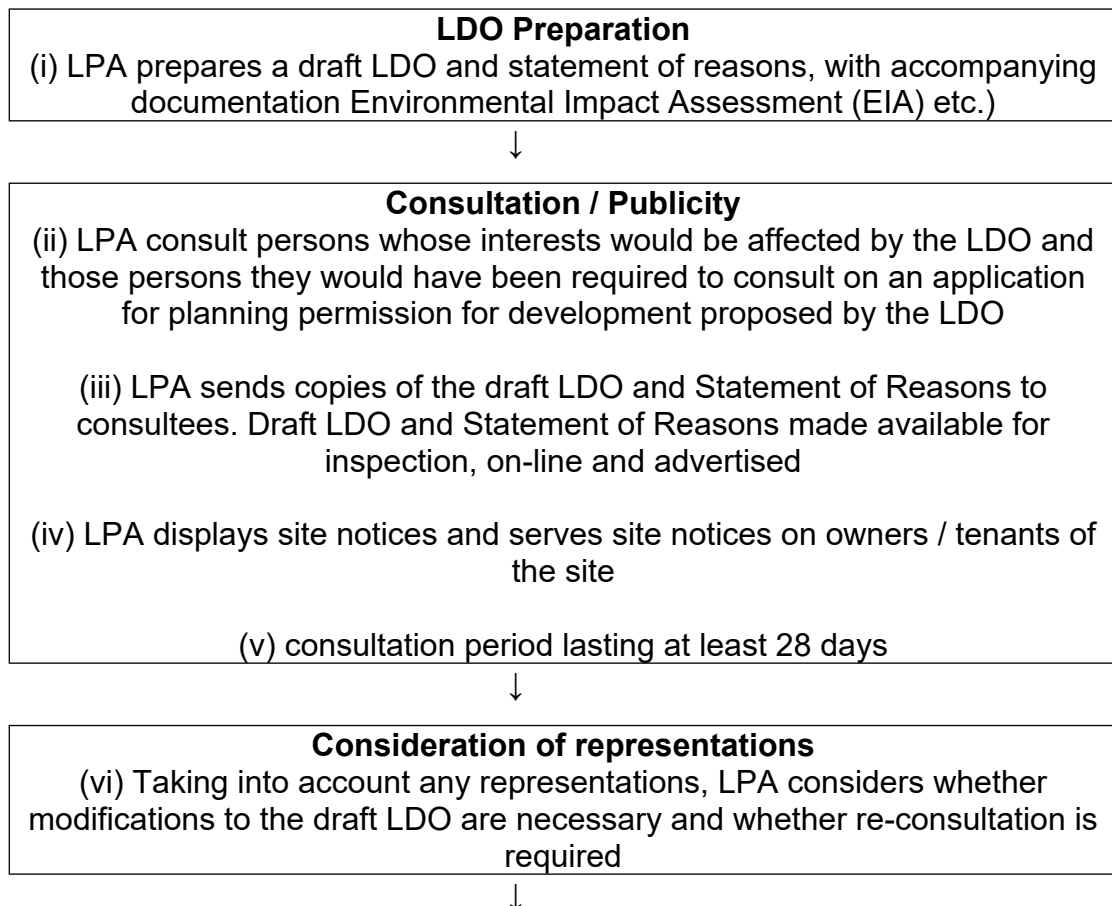
- 2.5 In light of these complexities in the planning consents process, in 2011 DPWLG liaised with both the former TTGDC and the Council to assess the options for achieving greater certainty in the planning process, whilst still maintaining the nature of the consented development and its associated safeguards. After consideration of the various options available, it was concluded that a Local Development Order (LDO) was the best method of delivering the development consented by the outline planning permission.

3 Nature and status of LDOs

- 3.1 The provisions covering LDO's are contained within the Town and Country Planning Act 1990 (as amended). Primary legislative provisions relating to LDO's were introduced by the Planning and Compulsory Purchase Act 2004, which commenced in 2006. These powers were amended by commencement of Sections 188 and 189 of the Planning Act 2008 in June 2009.
- 3.2 A LDO grants planning permission for the type of development specified in the Order, and by doing so, removes the need for a planning application to be made by a developer / landowner. The power to make an LDO rests with the local planning authority (LPA). LDO's are flexible in that they can apply to a specific site, or to a wider geographical area and can grant planning permission for a specified type or types of development. Conditions may be attached to a LDO or a LDO may grant planning permission unconditionally. The adoption of an LDO can offer benefits to developers in exempting specified developments from the need to apply for a specific planning permission. Thereby, developers will save the time and cost of submitting a planning application. LDO's can also provide certainty to developers and investors by defining what development is acceptable on a site and thereby the development which can be undertaken without the need for express planning permission.
- 3.3 An LDO does not remove the need to comply with any environmental legislation. Therefore, the LPA is responsible for ensuring that any requirements under the Environmental Impact Assessment (EIA) Regulations or Habitats Regulations are met.
- 3.4 As noted above, legislation enables a LDO to be granted unconditionally, or subject to conditions as a means of ensuring that a development will be acceptable in planning terms. Potential conditions on a LDO could, for

example, limit the types and scale of development permitted, require development to comply with design criteria (such as a design code or masterplan) and could require actions to be undertaken prior to, or during development (such as highway improvements). Any conditions attached to a LDO have to pass the same tests as conditions attached to a normal grant of planning permission i.e. necessary, relevant to planning and the development, enforceable, precision and reasonable in all other respects.

- 3.5 Provisions allow for the monitoring and enforcement of LDOs and it is possible to use a planning condition to require a developer to notify the LPA when development under an LDO is undertaken. A LDO does not influence existing permissions or permitted development rights within the area covered by the Order.
- 3.6 A s106 obligation cannot be required under a LDO, however, this does not prevent a s106 obligation being offered by the developer and negotiated with the LPA.
- 3.7 Where any proposed development within the site of the LDO falls outside the scope of the Order, or the accompanying conditions, a planning application would need to be submitted for consideration and determination in the normal manner. LDOs are normally time limited.
- 3.8 A simplified summary of the key stages in the LDO process is presented below.



LDO Adoption

(vii) LDO must be adopted by resolution of the LPA for it to take effect

(viii) LDO and accompanying documentation sent to the Secretary of State

4 The existing LDO

- 4.1 As noted at paragraph 2.5 above, both the Council and the former TTGDC resolved to progress an LDO for the commercial and logistics park site at the end of 2011 / early 2012. This decision was taken following resolutions of the Full Council and Planning Committee of the former TTGDC. Unlike a conventional planning application where some details can be submitted after the grant of permission via planning conditions or the submission of applications for the approval of reserved matters, the full details, justification and evidence for the development to be permitted by an LDO must be provided 'upfront'. Work on the preparation of documentation for the current LDO commenced in 2012. In June 2013 the draft LDO was completed and Full Council resolved to proceed with formal consultation and publicity.
- 4.2 Following a 6-week consultation period, followed by a limited re-consultation (to address changes to the Travel Plan and LDO drafting), Full Council resolved to make the LDO in November 2013. The matter was referred to the Secretary of State, who did not intervene, and the LDO was made on 7th November 2013.
- 4.3 In summary, the LDO grants permission for:
- 829,700sq.m of commercial floorspace within Use Classes B1(b), B1(c), B2 and B8,
 - changes of use between the Use Classes listed above;
 - associated infrastructure; and
 - site preparation works.
- 4.4 The LDO is subject to a number of planning conditions which apply both to the four components of development described above and generally across the LDO site. Development permitted by the LDO is also subject to adherence with 'compliance' documents, comprising a Design Code, Code of Construction Practice and an Ecological Mitigation and Management Plan. A s106 agreement accompanied the LDO which principally addresses reducing the impacts of the development on transport networks. The existing LDO is time-limited and will expire in November 2023.
- 4.5 One of the general planning conditions applying to the LDO site requires that, prior to commencement of development, details and plans of development are submitted to the LPA using a prior notification form (LDOPND). Since the making of the LDO in November 2013 a number of LDOPND submissions have been made for elements of infrastructure and buildings on development plots. At the time of writing 14no. buildings have been subject to the LDOPND process totalling c.294,000sq.m of commercial floorspace, comprising primarily Class B8 warehouse development with ancillary office floorspace. This floorspace is either built and occupied / vacant, under construction or awaiting commencement. A further c.11,000 sq.m. of

warehouse floorspace on Plot 4040 was confirmed as being permitted by the LDO last year, although it was subsequently determined that a separate, stand-alone permission would be required for this Plot. A planning application has now been submitted and approved for Plot 4040. Existing occupiers on the LDO site include Currys, UPS, Lidl and DHL.

5 The need for a new LDO (LDO2)

- 5.1 As noted at paragraph 4.4 above, the existing LDO will expire in November 2023. The LDO has been successful in simplifying the planning consenting regime for development at the logistics park and offers clear commercial benefits to DPWLG as potential occupiers can proceed with development on-site in a relatively short space of time. Members will be aware of the emerging proposals for the 'Thames Freeport' which includes the London Gateway site. It is considered that the benefits of a simplified planning regime conferred by an LDO have synergies with Freeport status. Therefore, both Officers and DPWLG see the benefits of preparing and making a new Order.

6 LDO2 update

- 6.1 In July 2021 the meeting of the Planning Committee considered and noted a report setting out the intention to progress LDO2. The preparation of LDO2 involves a significant amount of 'upfront' documentation, requiring the appointment of consultants and advisors to draft, inter-alia, the Environmental Statement required by the Environmental Impact Assessment Regulations, a report to enable screening pursuant to the Habitats Regulations and legal documents. Officers have now negotiated and completed a Planning Performance Agreement (PPA) with DPWLG. The PPA is fundamentally a project management tool, but includes provisions ensuring that the Council's costs associated with the appointment of consultants are covered by DPWLG – as it is DPWLG as landowner and developer who shares in the benefits conferred by the Order. The PPA also secures funds to ensure that there is sufficient Officer resource to progress and complete LDO2.
- 6.2 Environmental consultants have now been engaged to prepare the Environmental Statement and a number of time-critical baseline surveys were completed in the latter part of last year. A firm of planning consultants, who were involved with the original LDO, have been instructed to assist Officers with preparation of the Order itself, Statement of Reasons etc. Finally, an external legal advisor has also been procured to ensure that the steps taken by the local planning authority in the making of LDO2 are legally robust.
- 6.3 A draft of the new Order (i.e. the development to be permitted with accompanying restrictions and conditions) has been prepared. In broad terms draft LDO2 is similar to the existing LDO in that Schedule 1 of draft permits new industrial and warehousing development, changes of use, associated infrastructure and site preparation works. However, unlike the existing Order, draft LDO2 seeks to reflect the updated Use Classes Order and introduce a greater range of ancillary floorspace in addition to ancillary offices. The draft includes provision for limited food and drink, gym, creche and shop floorspace

to serve the needs of employees on the site. A wider range of ancillary uses, though subject to limitations on floorspace, is considered reasonable in planning terms given the size of the development and number of employees on-site.

- 6.4 The total amount of floorspace to be permitted by draft LDO2 is c.738,000 sq.m which is a reduction from the c.829,000 sq.m permitted by the existing Order. This reduced figure is largely due to the market demand for a larger number of smaller plots and buildings, whereas the current Order envisaged larger buildings of up to 150,000 sq.m floorspace. Draft LDO2 also proposes a smaller proportion of Class B2 general industrial floorspace compared with the existing Order, again reflecting strong market demand for Class B8 warehouse use.
- 6.5 Although good progress is being made with drafting the Order and supporting reports, it will not be possible to complete the documentation and comply with the legislative requirements for public consultation etc. in order to adopt LDO2 before November 2023. Therefore, in order to streamline and twin-track procedures as far as reasonably possible, whilst still ensuring that the required legal steps are taken, the Planning Committee delegated authority to Officers to formally consult on the new Order as soon as the supporting document has been prepared. The Vice-Chair of the Committee was briefed in December 2022 and it is emphasised that the decision to adopt LDO2 (or not) will be for Members of the Planning Committee to take. Nevertheless, it is essential for Officers to continue progressing the draft Order as expeditiously as possible and to this end delegated authority was granted by the Planning Committee to proceed with (inter-alia) EIA screening and scoping, HRA screening and statutory public consultation, before the matter is referred back to Members for the decision on whether to adopt LDO2.

7 Controls and limitations on the development to be authorised by LDO2

- 7.1 Similar to both the OPC and the existing LDO, LDO2 will limit the overall built floorspace which can be developed and the amount of floorspace by Use Class. Conditions attached to LDO2 will also refer to three compliance documents which give additional detailed controls. These will be:

- **Design Code:** this document will include an indicative masterplan which demonstrates in general terms how the site may be developed. There is also a building height zoning plan with the higher buildings to the south and the lower ones adjacent to the Manorway. The code specifies design standards for buildings on plot servicing and parking, landscaping, service roads, lighting drainage etc;
- **Code of Construction Practice:** this seeks to address and control all issues arising from the construction of the development including traffic management haul routes, site remediation and groundworks, waste materials and management of noise and dust;
- **Ecological Mitigation and Management Plan:** Since the granting of the OPC there has been considerable ecological work done to clear and relocate protected species and manage habitats adjacent to and

within the site to the benefit of nature conservation interests. This plan will ensure the continuity of this work.

- 7.1 Separately, a s106 agreement will secure compliance with a Travel Plan (in effect, a fourth compliance document). The Travel Plan will include a range of measures to reduce the impact of the development on local communities and the strategic and local highways networks through encouraging greater use of modes of sustainable transport, minimising movements by road, particularly during peak periods and reducing local traffic impacts.

8 Environmental Impact Assessment

- 8.1 Officers have screened the proposed development as being Environmental Impact Assessment development under the terms of the Town and Country Planning (Environmental Impact Assessment) (England) Regulations 2017 (as amended). This means that the proposed scheme needs to be accompanied by an Environmental Statement which considers the potential significant impacts that may arise from the development and if necessary the measures that are proposed to mitigate these impacts. Accordingly, an Environmental Statement (ES) is being prepared. At the time of drafting this report, the scope of the ES is being finalised. However, the Scoping Report (June 2023) contains the following environmental topics for potential inclusion in the ES:

Potential significant effects:

- Socio-economics;
- Transport & access;
- Air quality;
- Noise & vibration;
- Ecology; and
- Climate change;

Potential non-significant effects:

- Archaeology;
- Ground conditions;
- Water resources;
- Landscape;
- Lighting;
- Human health;
- Major accidents & disasters; and
- Waste.

9 Potential planning obligations under s106 of the Town and Country Planning Act 1990

- 9.1 The OPC was subject to a planning obligation made under s106 in 2007 when consent was granted by the Secretary of State. This was amended in 2012 following variations to the conditions of the OPC. The s106 agreement accompanying the existing LDO restates or updates the outstanding requirements of the 2007 s106 agreement and included obligations addressing the following topic areas:

- London Gateway covenants:
 1. Highway improvements or financial contributions towards highways improvements;
 2. Travel planning and public transport measures;
 3. Provision of land for a training facility;
 4. Apprenticeships and local employment measures; and
 5. Monitoring requirements.
- 9.2 The s106 agreement accompanying the existing LDO was amended in 2019 following consideration by the Planning Committee in 2017.
- 9.3 It is likely that some of the obligations in the current s106 agreement will need to be carried forward into a new agreement. In addition, subject to the outcome of the EIA, other mitigations measures may need to be secured by obligation.

10 Proposed LDO1.5

- 10.1 DPWLG have recently approached Officers regarding potential development of up to 85,000 sq.m of commercial floorspace on land within the logistics park site which presently benefits from LDO1. from the extant LDO1. It is understood that commercial negotiations are ongoing involving buildings totalling up to 85,000sq.m. floorspace which would represent a significant investment, with associated economic benefits. However, detailed design for building work and other development has not progressed to a point where a 'prior notification' can be submitted to the Council under LDO1. It would not be possible to commence development before LDO1 time-expires this November.
- 10.2 In terms of options for securing planning consent to enable development of this floorspace, it would not be possible to build-out any approval of reserved matters pursuant to the original outline planning permission (ref. 02/00084/OUT). This is because the ES which was prepared to accompany the original application for outline planning permission (submitted in 2002) is now largely out-of-date and its conclusions could not be safely relied upon.
- 10.3 Another option considered by Officers and DPWLG would be a stand-alone planning application seeking full planning permission for the development. However, preparation of such an application with accompanying documentation and the subsequent determination by the Council of the application would take many months. Such a delay, with resultant uncertainty, could jeopardise the ongoing commercial discussions and so this is not a viable option.

- 10.4 Although LDO2 is being progressed now, the time delay between the ongoing commercial discussions (between DPWLG and the potential occupier(s)) and the intended adoption of LDO2, with a subsequent prior notification submission to the Council also add unacceptable uncertainty and is not a viable option.
- 10.5 As noted above, the proposals for the floorspace will not be ready in time to benefit from being part of LDO1 (which time-expires in November) but are expected to be ready before adoption of LDO2 in c.Spring /Summer 2024. The proposed floorspace in question (up to 85,000 sq.m.) would fall within that gap of time. Therefore, the most realistic option to enable a planning submission seeking confirmation that development can proceed to deliver the floorspace and resultant economic benefits is through a revision to the current LDO (LDO1.5) which would allow up to 85,000 sq.m. of B8 floorspace in advance of LDO2 coming 'on-line'. There is currently a 400,000 sq.m. restriction on the amount of floorspace that can be occupied prior to the practical completion and commissioning of the single common user siding permitted under LDO1. The need for the common user siding is being considered as part of proposals for LDO2 given the ability of the Park operators to provide a shunting facility which will enable freight from across the Park to make use of the railway connection. Consideration also needs to be given as part of LDO2 to the feasibility of providing a public transport link to the Thames Enterprise Park site if the common user siding were in place. It is therefore proposed to increase the 400,000sq.m. threshold to 415,000 sq.m in LDO1.5 as the addition of 85,000sq.m. would exceed the original threshold and would therefore limit the amount of development that could come forward.
- 10.6 In summary, LDO1.5 would allow for up to 85,000 sq.m of B8 floorspace and would enable a decision on the common user siding to be considered as part of LDO2 whilst allowing for development for which there is currently commercial interest as expediently as possible. It would have the effect of allowing a prior notification submission to the Council after LDO1 expires, but in advance of LDO2. LDO1.5 would need to be screened pursuant to the EIA Regulations, would require supporting documentation (i.e. Statement of Reasons etc.) and would be subject to statutory consultation.
- 10.7 Therefore Officers suggest that Cabinet recommend to the Full Council meeting in November that authority is delegated to a future meeting of the Planning Committee to adopt LDO1.5.

11 Impact on corporate policies, priorities, performance and community impact

- 11.1 The London Gateway site, comprising both London Gateway port and London Gateway logistics park, is one of the Council's regeneration and growth hubs. Indeed due to the scale of the site, the port and logistics park have a wider sub- regional importance. The ongoing development of the logistics park site, via the new LDO, will make a significant contribution to the delivery of the Council's growth and regeneration ambitions.

12. Implications

12.1 Financial

Implications verified by: **Laura Last**
Senior Management Accountant

A Planning Performance Agreement (PPA) has been agreed which will meet the Council's costs in respect of the development and adoption of Local Development Order 2 (LDO2). There are no expected additional costs for the Council.

12.2 Legal

Implications verified by: **Caroline Robins**
Locum Principal Solicitor

Given the nature of this report and the recommendation there are not considered to be any legal implications directly arising from it. The following is by way of background information on the relevant legal context. Sections 40 and 41 of the Planning and Compulsory Purchase Act 2004 inserted sections 61A and D into the Town and Country Planning Act 1990. It is at the discretion of the local planning authority as to whether to make an LDO and a local planning authority can choose to restrict the scope of an LDO. Schedule 4A of the Town and Country Planning Act 1990 and articles 38 and 41 of the Town and Country Planning (Development Management Procedure) (England) Order 2015 will be relevant to the progression of LDO2.

The procedures for the preparation, consultation / publicity and making on an LDO are set out in primary and secondary legislation. The provisions of both the Environmental Impact Assessment and Habitats Regulations will apply to LDO2.

The existing LDO is accompanied by a s106 legal agreement and it is likely that a new s106 will be negotiated in parallel with LDO2. The proposed delegation will enable a timely decision on whether to adopt LDO2.

A standalone, small LDO1.5 would enable up to 85,000 sq.m of B8 floorspace to start on site after the expiry of the extant LDO and prior to the adoption of LDO2

12.3 Diversity and Equality

Implications verified by: **Natalie Smith**
Strategic Lead Community Development and Equalities

The Environmental Statement supporting LDO2 will include an assessment of the socio-economic effects of the development. Prior to any decision to make LDO2, a formal consultation and engagement process, described above, will be undertaken.

- 13. Other implications** (where significant) – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder, or Impact on Looked After Children

None

- 14. Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

None

- 15. Appendices to the Report**

None

Report Author

Matthew Gallagher
Major Applications Manager

8 November 2023	ITEM: 13 Decision:110678
Cabinet	
Short Breaks and Support Services for Disabled Children	
Wards and communities affected: All	Key Decision: Key
Report of: Cllr Barry Johnson, Cabinet Member for Children’s Services and Housing	
Accountable Assistant Director: Janet Simon, Assistant Director – Children’s Social Care and Early Help	
Accountable Director: Sheila Murphy, Corporate Director of Children’s Services	
<p>This report is Public with exempt appendices.</p> <p>Appendix 1 and 2 contain exempt information which falls within schedule 12A of the Local Government Act 1972 - <i>Information relating to the financial or business affairs of any particular person (including the authority holding that information)</i>. In all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>	
Date of notice given of exempt or confidential report: 31 October 2023	

Executive Summary

The purpose of this report is to propose a commissioning exercise for the procurement of Short Breaks and Support Services for Disabled Children and Young People (“Short Breaks”).

The provision of Short Breaks is a statutory duty placed upon every Local Authority as set out in The Children Act 1989. The aim of the Duty is to improve the outcomes for disabled children and young people and is available between the ages of 0 and 18 years old.

A Short Breaks framework contract was tendered in 2019 and later re-opened for new applications. In both instances, no applications were received for the provision of residential short breaks, resulting in the need to spot purchase.

The existing contracts (including the spot purchased contracts) are due to expire on 31st March 2024. A full tender process must be carried out this financial year to meet a new contract start date of 1st April 2024 and to ensure that the Council is meeting its statutory duty.

This proposed procurement exercise aims to reduce the need for spot purchasing and set clear expectations for the standards expected. The move away from spot purchasing will support the achievement of better value for money.

Whilst the aim is to move away from relying on spot purchasing to meet demand, there is still a need to continue to spot purchase placements where there is a specialist need or in an emergency. To support this, one of the recommendations of this report is that the Corporate Director of Children's Services in specific circumstances, is given delegated authority to directly award contracts for children's Short Breaks where required so the Council can meet its statutory obligations at all times.

2. BUSINESS CASE AND PROJECT MANAGEMENT

Short Breaks provide invaluable support for disabled children, young people, and their families. Children and young people are given the opportunity to be more independent, have fun and enjoy new experiences and form friendships with their peers. Short Breaks enable parents and carers the opportunity to take time out from their caring responsibilities which benefits families, enabling them to continue with their invaluable caring role.

A full procurement exercise must be undertaken to replace the current Short Breaks contracts which expire on 31st March 2024. The contract aims to improve the health and wellbeing of disabled children, young people, and their carers by offering additional support.

The services currently provided by this contract include:

- Sitting and Befriending
- Community / leisure activities
- Residential breaks and activities in a residential setting

This exercise aims to increase the number of framework providers available, and will be tendered in compliance with the Public Contracts Regulations 2015 for a period of four years.

Currently contracted providers are unable to fulfil service requests, with only one provider providing services for community and leisure activities, and only one provider providing services for residential short breaks on contract. This currently does not meet the assessed needs which has led to spot purchasing at a higher rate.

Short Breaks are funded via agency services (commissioned and spot purchased) or direct payments. The total budget for these is £1,035,620. The agency services element is funded to £332,270. The Short Breaks Budget has been less than our required spend for a number of years. However, during the last year costs have spiked for the following reasons:

- The Short Breaks and Outreach Service has been unable to recruit staff to run at capacity meaning that agency carers are required to fill small packages and school holiday hours.

- Packages of round the clock care at home where no residential placement is available; this affected three children and costs were at a minimum of 2:1 staffing for extended periods of time in the home whilst placement searches were undertaken.
- Paying higher rates to non-contracted providers as contracted providers cannot fulfil the packages required.

Spend to date (August 2023) is £264k. This reflects the move of some of the children into placements which has reduced the cost pressure. Contracted providers remain unable to fulfil packages and one has pulled out of the market.

The previous tendered contracts were valued at £400,000 per annum. However, due to the need of emergency spot purchasing arrangements as detailed above, the annual spend on Short Breaks from 1st April 2022 – 31st March 2023 has been recorded as £840,000. This is expected to reduce with the placement of 3 children who had very high-cost short breaks packages of support.

The proposed procurement exercise aims to expand our provider portfolio and reduce the need for individual spot purchasing for emergency situations and set out clear expectations for the required standards.

The new framework contract will not limit the number of providers able to provide services, however both quality and price will be assessed as part of the procurement exercise. In addition, a minimum quality score threshold will be implemented as part of the award criteria to ensure that lower quality providers are not appointed at the expense of a higher price weighting and overall value for money is still achieved. Anyone wishing to be placed on the Framework will need to score at least 50% against quality criteria.

The purpose of the reprocurement of this service is not to deliver savings, but is to ensure that very specialist provision is available to meet the outcomes of Thurrock's most vulnerable disabled children and young people, and to ensure that Thurrock Council can continue to meet its statutory duty (as set out in the Children Act 1989). Whilst the reprocurement exercise is unlikely to deliver savings, the failure to secure the range of specialist provision required will result in escalating costs.

Without increasing the Short Break provision, increased pressures will be placed upon families which is very likely to lead to carer breakdowns. This will leave families struggling to cope which may result in escalation through the social care system. Previous experience has shown that in these instances families may feel that they have no other option but to place their child into care under a section 20 agreement.

Financial information has shown that during the period of 1st April 2022 – 31st March 2023, Thurrock Council supported a total of 32 young people in Short Break provision. The current costs of a Looked After Child in Residential Care for one week is a minimum of £5,000.00 per week which equates to £260,000.00 per annum.

Commissioner Commentary

Appendix 1 details commentary received and responded to. Commentary has been incorporated within the report as appropriate and has been agreed by Commissioners.

1. Recommendation(s)

1.1 That Cabinet approves proceeding to tender for the provision of Short Breaks and Support Services for Disabled Children with a term of four years.

1.1 That Cabinet agrees to delegate authority to the Corporate Director of Children's Services, in conjunction with the Portfolio Holder for Children's Services and Housing, to award contracts following completion of the tender process.

1.2 That due to the nature of the services being procured, Cabinet agrees to delegate authority to the Corporate Director of Children's Services in conjunction with the Portfolio Holder for Children's Services and Housing, to directly award contracts without competition in the following exceptional circumstances:

- The individual placement cannot be made under one of the contracts awarded as part of this tender exercise; and**
- The purchase is required in order that the Council may meet its statutory obligations.**

2. Introduction and Background

2.1 The provision of Short Breaks is a statutory duty placed upon every Local Authority as set out in The Children Act 1989. Short Breaks are a vital support service for families with disabled children.

This report outlines the proposed exercise to ensure that the Council meets its statutory duty for The Short Breaks for Carers of Disabled Children Regulations 2011. It requires the Council to have regard to the needs of those carers who would be able to provide care for their disabled child more effectively if breaks from caring were given to allow them to:

- undertake education, training, or any regular leisure activity
- meet the needs of other children in the family more effectively, or
- carry out day to day tasks which they must perform to run their households

- 2.2 The Regulations require the Council to provide, as appropriate, a range of
- day-time care in the home of disabled children or elsewhere,
 - overnight care in the home of disabled children or elsewhere,
 - educational or leisure activities for disabled children outside their homes, and services available to assist carers in the evenings, at weekends and during school holidays

2.3 Examples of the services provided under the Council's current contract include:

- taking children and young people into the community to experience new activities, to visit the cinema, go shopping, attend Brownies / Cubs, go swimming and other outdoor activities
- supporting parents and carers within the family home providing short periods of residential breaks
- providing residential activities - care workers do not provide domestic activities for the family or support non-disabled children within the family.
- Providing residential activities

2.4 These services are provided by the Council according to need, and wherever possible, activity choices are determined by the child/young person and their families.

2.5 Current Short Break services are provided in two distinct elements ("lots"):

- community services – activities in the family home or day activities in the local area; and
- residential services – overnight stays and activities in a residential setting.

3. Issues, Options and Analysis of Options

3.1 The existing contracts are due to expire on 31st March 2024 and the Council must ensure a valid contract is in place from 1st April 2024.

3.2 The anticipated value of the contract(s) will exceed the spend threshold for Cabinet approval and Cabinet agreement is required to proceed.

3.3 Three options are proposed for Cabinet to consider:

Option 1 – Proceed with the procurement of Short Breaks services (recommended)

- 3.4 This option would mean a tender process is carried out to put a framework contract in place, so that statutory Short Breaks services continue to be provided. It would also seek to deliver value for money through competition and ensure compliance with the procurement regulations.
- 3.5 The main concern for this provision is the shortfall in available providers, and the lack of suitable residential provision within or near to Thurrock.
- 3.6 The proposed tender process aims to stimulate the market and increase the number of providers contracted to deliver the service. To encourage this, a market engagement exercise was advertised and held in January 2023, to which many local and national providers were invited.
- 3.7 It is recommended that delegated authority to award the contract is given to the Director of Children’s Services, in conjunction with the Portfolio Holder for Children’s Services and Housing, to allow the tender process to be completed in time for a new contract to be in place for April 2024.
- 3.8 Due to the current market position, this option also includes the need to spot purchase placements in exceptional circumstances, where a placement cannot be made to one of the awarded framework providers. It is anticipated that the reliance on spot providers will be reduced as a result of the tender exercise.

Option 2 – Extend the existing Short Breaks contracts for a further one year

- 3.9 This option would mean maintaining current arrangements for a further year. Whilst the current contracts meet the needs of children, young people and their families, there is currently only a limited number of providers on the framework contract, with a significant proportion of Short Breaks delivered through spot purchased contracts, which does not ensure best value for money. A further extension to this contract would also be difficult to justify in line with procurement regulations.

Option 3 – Do nothing: allow the current Short Breaks contracts to expire

- 3.10 The Council could allow the current contracts to expire, leaving no Short Breaks provision. This would result in the Council not meeting its statutory duty under the Children Act 1989 which requires local authorities to provide residential short breaks for children and young people with disabilities. In addition, the absence of this service would have a significant impact on vulnerable children and their families, potentially leading to placement of children into care under a section 20 agreement.

4. Reasons for Recommendation

- 4.1 Option 1 is recommended, which is for Cabinet to agree to proceed with the procurement of Short Breaks contracts.
- 4.2 Through this option, the Council would:
- ensure compliance with Contract Procurement Rules and Public Contracts Regulations 2015.
 - meet its statutory duty to provide a Short Breaks service that satisfies the needs of the service users and provides improved value for money.
 - stimulate local provision and competition by seeking to increase the Short Breaks provider base.
 - deliver an effective solution to the duty to provide Short Breaks for Disabled Children and their families that satisfies the needs of children and young people and the families, providing a quality service.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 All existing providers along with new potential providers were invited to attend a market engagement event which was held earlier in the year, to provide information and gain feedback to be considered when developing the new contract specification.
- 5.2 A Short Breaks consultation exercise was also conducted earlier in the year. All recommendations that have been suggested will support the development of a more up to date and robust contract specification going forward.
- 5.3 Parents and Carers have advised that they would like to see the following recommendations.
- Respite provision.
 - Short Breaks both inside and outside of the Thurrock area.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 This report impacts on the following corporate priorities:
- People – a borough where people of all ages are proud to work and play, live, and stay.

7. Implications

7.1 Financial

Implications verified by: **David May**
Strategic Lead Finance

The total value of this proposed tender is £2,964,000 (£741k per annum) four-year term. Competition within the market between providers and an agreed pricing structure should enable the tender to provide better value for money.

Funding for these services are prioritised within the Children Social Care 2023/24 budget of £34.5m.

As part of the 2024/25 budget discussions a request has been made for £500,000 growth to align the budget with expenditure incurred in 2022/23 and projected in 2023/24. This is essential service that prevents escalation to residential care.

7.2 Legal

Implications verified by: **Kevin Molloy**
Principal Solicitor Contracts Team – 4th
August 2023

Following issue by the Council of a s114 notice, the Council must ensure that its resources are not used for non-essential spending. The contracts at issue here are all essential and the provision of them a statutory duty under the Childrens Act 1989. In procuring the services outlined, the Council must observe the obligations upon it outlined in national legislation and in its internal procurement rules. Officers will need to ensure Legal Services are kept fully informed as they progress through the procurements referred to at 1.1-1.3 to ensure compliance.

7.3 Diversity and Equality

Implications verified by: **Natalie Smith**
Strategic Lead, Community Development and
Equalities, Adult Social Care and Community
Development

This commissioning exercise is to enable disabled children and young people the experience of a short break and activities, while enabling their parents or carers the opportunity to take time out from their current caring

responsibilities. The specification will be informed by a Community Equality Impact Assessment.

Respite provision supports families and helps to improve the health of the disabled child, their parents/carers, and other children in the family by reducing stress and anxiety as well as reducing the number of young people entering care.

7.4 Other implications (where significant) – i.e., Staff, Health Inequalities, Sustainability, Crime and Disorder, and Impact on Looked After Children

- This Tender is to be under Light Touch Procurement rules
- This proposal is fully compliant with section 17 of the Childrens Act 1989 regarding services for disabled Children and, Breaks for Disabled Children Regulations 2011.

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- N/A

9. Appendices to the report

- Appendix 1 – Commissioner Comments (exempt)
- Appendix 2 - Stage 1 Approval to proceed to Tender (exempt)

Report Author:

Tina Lake – Childrens Commissioner, Childrens Services

Keighley Hylton – Service Manager - Childrens Services and Commissioning

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8 November 2023		ITEM: 14 Decision: 110679
Cabinet		
Elizabeth Gardens Procurement for Care and Support		
Wards and communities affected: All	Key Decision: Key	
Report of: Councillor George Coxshall, Cabinet Member for Health, Adults Social Care, Community and Public Protection		
Accountable Assistant Director: Les Billingham, Assistant Director – Adult Social Care and Community Development		
Accountable Director: Ian Wake, Corporate Director for Adults, Housing and Health		
<p>This report is Public with exempt appendices.</p> <p>Appendix 1 and 2 contain exempt information which falls within schedule 12A of the Local Government Act 1972 - <i>Information relating to the financial or business affairs of any particular person (including the authority holding that information)</i>. In all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>		
Date of notice given of exempt report: 31 st October 2023		

Executive Summary

The term 'Extra Care Housing' is used to describe a type of housing, care and support that falls somewhere between traditional sheltered housing and residential care. Extra Care Housing offers a higher level of support than sheltered housing with care workers available on site up to 24 hours a day for those who need them. This means Extra Care Housing is often suitable for people with higher care needs. Elizabeth Gardens is a development of 65 Extra Care flats; it is managed by Anchor Housing Association and is situated in Long Lane, Grays having properties both for rent and for sale. The scheme is designed to provide Extra Care to meet the needs of older people and, exceptionally, younger people with higher levels of need. The contract for the Care and Support services is coming to an end (31st August 2024) and requires re-tendering. This report outlines the details of the tender process and the award of the new contract.

Government Intervention & Section 114

In July 2022, the Council was made aware of concerns around the valuation of specific investments. A review process commenced, and the initial findings highlighted significant concern with three investments and the position was shared informally with the Department of Levelling Up, Housing and Communities (DLUHC). On the 2 September 2022 DLUHC announced directions to implement an intervention package at the Council.

The Secretary of State exercised his powers under section 15(11) of the Local Government Act 1999 to give a Direction without complying with the requirement at section 15(9) to give Thurrock an opportunity to make representations about the Directions, as he considered the failures of the Council's compliance with its Best Value duty in respect of the functions specified in the Directions sufficiently urgent. This was because of the following:

- the scale of the financial and commercial risks potentially facing the Authority, which were compounded by the Authority's approach to financial management and the seriousness of the allegations that were made by third parties about the processes applied to the operation of the Authority's commercial strategy, and;
- the failure of the Authority to provide assurance to Ministers and the Department on the adequacy of the actions that they were taking to address the issues, taking account of the scale and pace of the response required.

The Secretary of State nominated Essex County Council to the role of Commissioner.

On 19 December 2022, the Council's Acting Director of Finance and Section 151 Officer issued a report under Section 114 of the Local Government Finance Act 1988. This advises Councillors that the Council faces 'a financial situation of an extremely serious nature.'

Since that period the Council has continued to operate under the s114 Notice and is working alongside Commissioners to tighten its financial management procedures.

Commissioner Commentary

Commissioners requested further information to be provided as to how the following can be demonstrated.

- Inflation
- Procurement Strategy/reasoning
- Best Value

Rationale has been provided and approved by Commissioners, however, this has been included as an appendix to this report so that the commercially sensitive information provided can be exempt from publication.

1. Recommendation(s)

1.1 That Cabinet agrees to proceed with the retender of the Care and Support services at Elizabeth Gardens.

1.2 That the power to award the contract be delegated to the Executive Director for Adults, Housing and Health in consultation with the Portfolio Holder for Health, Adult's Health, Community and Public Protection. This will allow a sufficient window of time between contract award and contract commencement, during which the necessary contract handover actions can take place to ensure a smooth and effective transition to the new service.

2. Introduction and Background

2.1 A procurement exercise is required to tender for the award of a new contract for the provision of a high quality care and support service which provides value for money and is available to meet the needs of the resident service users.

2.2 Extra Care supports people towards an inclusive fulfilling future by providing independence dignity and security. This will:

- support individuals to stay in their own home for as long as possible.
- increase the choice of housing available.
- provide an alternative choice to residential care.
- help individuals to remain more independent.
- give individuals all the usual rights of a tenant and provide the care and support required.
- provide significant personal support that will enable people stay in their own home.

2.3 To qualify for Extra Care Housing through Thurrock Council you must be:

- a Thurrock Council tenant or eligible to join the Housing waiting list.
- over 55 years of age for Elizabeth Gardens, with care needs or receive higher rate Personal Independent Payment (PIP)
- live in Thurrock or have the need to live in Thurrock – for example, to receive support from relatives.
- receive or need at least seven hours of care per week.

Elizabeth Gardens also provides the opportunity for residents to buy a flat and access the support for a charge which is subject to a financial assessment.

2.4 Elizabeth Gardens also offers to meet a wide range of needs including physical disability and sensory impairment as well as providing a safe and secure environment for people with dementia and mental health needs. It also offers end of life care, so that the accommodation provides a home for life and there should be no need to move to a care home if needs increase. In addition, unnecessary hospital care can be avoided, both with the associated higher costs.

2.5 The provision of care and support Services at Elizabeth Gardens has two parts, the first is the core service provided through a block contract. The core element of the contract provides 24 hour onsite support, housing support and advice, personal care and support with communal activities. The proposal is

that this will be tendered for a five year contract (with an option to extend for a further two years). The recommendation is that providers tendering for the contract propose the value for the core service over the life of the contract. The spend for the core service in the 2022/3 financial year was £314,116, if at the same amount for five years this will be £1,570,580. (seven years would be £2,198,812.).

We do however expect future contract costs to be impacted by inflation.

2.6 The second part of the contract is commissioned on a spot basis to provide additional personal care and support to meet increased assessed need. This is through the current declared hourly rate of £18.89. In the 2022/3 financial year spend was £135,013. This will be a variable amount dependant on the level of needs of the residents. For a five year contract this will be approximately £675,065. (seven years would be £945,091). We do however expect costs to be impacted on by any uplifts to our declared rate.

Residents are able to purchase additional care from other registered home care providers if they prefer ensuring that they have a choice of provider. In real terms most residents purchase the additional support from the provider who delivers the block contract which ensures consistency.

Table 1 below illustrates the current cost of the block and the spot contracts; these amounts are likely to be impacted upon by inflation and therefore can only be an estimated financial commitment for a 5 and 7 year contract:

Table 1

2022/2023 Block Contract Per Annum	2022/23 Spot Contract (variable)
£314,116	£135,013
Total estimated cost for 5 (and 7) year Block contract	Total estimated cost on for a 5 (and 7) year spot contract cost based on 2022/23 expenditure
£1,570,580 (£2,198,812)	£675,065 (945,091)

3. Issues, Options and Analysis of Options

3.1. On 1st September 2019 the core contract was awarded to the current provider, Care Support Ltd (formerly Carewatch East London) to provide care and support services at Elizabeth Gardens.

- 3.2. A core block contract will be re-procured for a period of up to seven years. The spot purchase element of the contract will be included in the procurement at a current declared rate of £18.89 an hour to offer value for money and consistency of approach. However, it will be clear in the tender process that residents will also have a choice to purchase any additional care from another registered provider or through direct payments if they wish too.
- 3.3 A competitive process based on price and quality as opposed to a declared price is recommended. This means that those tendering for the contract will be asked to identify the value of the contract (bidding on an hourly rate for the core element). The reason for this is the ability to attract a greater number of providers. The weighting for price and quality will be 40% and 60% respectively.
- 3.4 The alternative is to set a contract price, but the risk is that the number of providers bidding is significantly restricted. Given the current market, the probability of the risk occurring is high.
- 3.5 Governance and Procurement Timetable:

Task	When
Senior Leadership Team	6 th September 2023
Commissioner Commentary	11 th -15 th September 2023
Cabinet Meeting	8 th November 2023
Task – Procurement activity	When (estimated)
Finalise all tender documents: <ul style="list-style-type: none"> • ITT (including evaluation criteria) • Terms and conditions (Legal) • Specification • TUPE Information • Pricing Schedule 	By January 2024
SQ publication	15 th January 2024
SQ closing date	16 th Feb 2024
SQ evaluations	19 th Feb - 8 th March 2024
ITT Issued	11 th March 2024
ITT closing date	12 th April 2024
ITT evaluations	15 th April - 10 th May 2024
Notify tender outcome	13 th May 2024
Standstill period	14 th - 23 rd May 2024
Expected Award	24 th May 2024
Handover/TUPE	June – August 2024
Contract Commencement	1 st September 2024

3.6 Tender Evaluation

The Tender Evaluation Panel will be a minimum of two officers consisting of a commissioning lead officer and experienced operational staff. We will also seek a service user with lived experience to be part of the evaluation process.

In addition, Procurement officer oversight will also be provided to ensure due diligence throughout the tender process.

4. Reasons for Recommendation

- 4.1 The contract with the current provider (Care Support), to provide care and support is coming to an end (31st August 2024).
- 4.2 The service provided at Elizabeth Gardens is a statutory provision that supports residents following a Care Act assessment with high levels of need to remain in their own homes rather than accessing residential care or nursing home support it offers a high quality service and giving real value for money.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 Those with lived experience will be sought to be part of the tender evaluation process.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 The Elizabeth Gardens Care and Support contract impacts on the following Council Priority;

People – a borough where people of all ages are proud to work and play, live and stay.

7. Implications

7.1 Financial

Implications verified by: **Mike Jones**
**Strategic Lead, Corporate Finance –
Resources and Place Delivery**

As per the information contained within Table 1, the budget provision is included within the Adult Social Care external placements budget.

This block contract element is included within the Older Peoples Residential care budget. The spot contract element forms part of the Older Peoples Home Care budget.

The spot element elements of the contract will be subject to price uplifts, in-line with the annual fee setting consultation process. This will be included as part of the price increase growth within the Medium Term Financial Strategy.

7.2 Legal

Implications verified by: **Kevin Molloy**
Team Leader Contracts Team

Following issue by the Council of a s114 notice, the Council must ensure that its resources are not used for non-essential spending. The contract at issue here is essential and the provision of such a statutory duty. In procuring the services outlined, the Council must observe the obligations upon it outlined in national legislation and in its internal procurement rules.

The proposed route above described should satisfy these requirements. Officers should ensure Legal Services are kept fully informed as they progress through the procurement to ensure compliance.

7.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**
Community Engagement and Project Monitoring Officer

Elizabeth Gardens is designed to meet a wide range of needs and residents are highly likely to fit under one or more protected characteristics as defined by the Equalities Act 2010 including disability and age. Providers will be asked about their equality policies as part of the tender process as well as the quality of care that they provide. A service user will be invited to be a part of the evaluation process. Community Equality Impact Assessments will be completed as required throughout this process.

All information regarding Community Equality Impact Assessments can be found here: <https://intranet.thurrock.gov.uk/services/diversity-and-equality/ceia/>

7.4 Other implications (where significant) – i.e., Staff, Health Inequalities, Sustainability, Crime and Disorder, and Impact on Looked After Children

N/A

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

N/A

9. **Appendices to the report**

Appendix 1 - Signed Stage 1 Form – Approval to Proceed to tender (exempt)

Appendix 2 – Full Response to Commissioners Commentary (exempt)

Appendix 3 – Response to Commissioners Commentary (public)

Report Author:

Ceri Armstrong

Strategic Lead for Transformation and Commissioning

Adult Social Care and Community Development

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Elizabeth Gardens Tender – Commissioner Questions and Responses

1. Inflation

We would expect bidders to factor in any potential increases over the life of the contract to provide a fixed price (core element of the contract). We would consider a review of anything unforeseen.

2. Procurement Strategy/reasoning

The last time this contract was tendered, the Open procedure was used and ten bids were received. We opted for the Restricted procure this time so that we could take the opportunity to shortlist bidders and only invite the top scoring bidders to submit a full tender.

3. Best Value

There are two elements to the contract, core support and additional personal care and support.

Core - Will be tendered competitively and assessed on price and quality, with those tendering for the contract being asked to submit an hourly rate.

Spot - Will be tendered on the basis of a declared hourly rate of £18.89 (in line with current amounts for care providers), for value for money and consistency.

This element is subject to annual price uplifts, in-line with the annual fee setting consultation process. This will be included as part of the price increase growth within the Medium-Term Financial Strategy.

The combined spend across the core and spot commissioned services is an estimated total of approximately £3.1m over 7 years.

The budget provision is included within the Adult Social Care external placements budget. The core contract element is included within the Older Peoples Residential care budget. The spot contract element forms part of the Older Peoples Home Care budget.

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8 November 2023		ITEM: 15 Decision: 110680
Cabinet		
Procurement of Housing Contracts for Works Through a Partnership Model		
Wards and communities affected: All	Key Decision: Key	
Report of: Cllr Barry Johnson, Cabinet Member for Housing		
Accountable Assistant Director: Ewelina Sorbjan, Assistant Director of Housing and Development		
Accountable Director: Ian Wake, Executive Director of Adults, Housing and Health		
<p>This report is Public with exempt appendices.</p> <p>Appendix 5 and 8 contain exempt information which falls within schedule 12A of the Local Government Act 1972 - <i>Information relating to the financial or business affairs of any particular person (including the authority holding that information)</i>. In all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</p>		
Date of notice given of exempt report: 31 st October 2023		

Executive Summary

The landscape of social housing regulation has undergone considerable change over the last five years; with greater transparency and accountability of social housing providers, more stringent regulation on compliance being enacted and greater voice to the tenant. The Social Housing (Regulation) Bill received Royal Assent, becoming the Social Housing (Regulation) Act on 20 July 2023. This new law brings forward the following landmark changes:

- strengthening the Regulator of Social Housing to carry out regular inspections of the largest social housing providers, and the power to issue unlimited fines to social landlords
- additional Housing Ombudsman powers to publish best practice guidance to landlords following investigations into tenant complaints
- powers to set strict time limits for social landlords to address hazards, such as damp and mould
- new qualification requirements for social housing managers

- introducing stronger economic powers to follow inappropriate money transactions outside of the sector

The current responsive repairs and maintenance contract will end in February 2025. This contract cannot be extended and will therefore be subject to a new procurement exercise.

The responsive repairs and maintenance contract is one of 30 housing works related contracts that will also require renewal or re-procurement in the next 1-3 years. This presents the Council with the opportunity to consolidate all housing works contracts through a Partnership Delivery Model with a single contract and with a single Delivery Partner.

This approach with a single Delivery Partner presents the Council with the opportunity to develop a new service model in housing, to improve the resident experience whilst ensuring the Council's landlord regulatory and compliance obligations are delivered in an effective and risk-averse manner.

In addition, the Partnership Delivery Model will generate cost efficiencies for the Housing Revenue Account over the proposed term of the contract.

The proposals contained within this report is to transfer a significant element of the functions of the Housing Assets, Repairs and Compliance service to a single professional external Delivery Partner and adopt a Partnership Delivery Model. The Council will create a new smaller team to manage the works and services of the Delivery Partner.

The core objectives of this approach are to provide good quality services in the most effective and cost-efficient manner, higher service standards, service innovation in the maintenance of the Council's housing stock and full compliance with housing regulatory requirements. This approach is also designed to alter the risk profile in the delivery of housing services for the Council, with the Delivery Partner taking greater responsibility for the effective and compliant delivery of housing works.

After considering a range of options, this report sets out the proposal for the adoption and procurement of a single Partnership Delivery Model for the provision and management of housing works contracts to secure the strategic objectives outlined above.

This report is seeking approval to commence procurement of the Delivery Partner, and the Audit Assurance Partner. Finances for the delivery of these contracts have been allocated within the HRA 30-year business plan.

These recommendations fit within the objectives of the Thurrock Enhanced Improvement and Recovery Plan 2022 for the Council to be more streamlined and financially sustainable.

Commissioner Commentary

Commissioner's commentary has been received and changes introduced to the main body of the report to address the points.

1. Recommendation(s)

- 1.1 Approve the recommendation set out in this report to procure a Housing Works Delivery Partner for a period of ten years, with an option to extend the contract by five years plus a further five years (10+5+5) after the initial ten-year period, subject to performance and funding.**
- 1.2 Approve delegated authority for the award of contract for the Housing Works Delivery Partner to the Executive Director of Adults, Housing and Health in consultation with the Leader, Portfolio Holder, Commissioners and Section 151 Officer.**
- 1.3 Approve the recommendation set out in this report to procure an Assurance and Audit Partner for a period of ten years, with an option to extend the contract for a further five plus five years (10+5+5) after the initial ten-year period - subject to performance and funding.**
- 1.4 Approve delegated authority for the award of contract for the Assurance and Audit Partner to the Executive Director of Adults, Housing and Health in consultation with the Leader, Portfolio Holder, Commissioners and Section 151 Officer.**

2. Introduction and Background

- 2.1 By law, councils must have a balanced budget. If a council cannot find a way to finance its budget, it must issue a Section 114 notice. Thurrock Council is currently subject to government intervention having issued a Section 114 notice on 19th December 2022.
- 2.2 The Section 114 puts strict limits on what the Council can spend. Due to government intervention and the introduction of commissioners to direct the council's strategic planning and financial management, there will be increased reduction in council spend and budgets which includes the Housing Revenue Account (HRA). Under the current Section 114 arrangements, there is reduced appetite for risk and a reduced capacity for borrowing and investment into the council's housing stock.
- 2.3 In line with Government directions, the s114 and Thurrock's Enhanced Improvement and Recovery Plan the Council will need to reduce its borrowing as soon as possible. The Treasury has from financial year 2025/26, directed that there will be no planned prudential borrowing against the planned and major works element of the HRA capital programme for a minimum period of 5 years. This will impact on HRA budgetary allocations for works. This is set out further in Para 2.6 and 9.1 of this report.

- 2.4 In September 2022, directions issued to the Council by the Government required the Council to put in place an Enhanced Improvement and Recovery Plan to the satisfaction of Commissioners. The plan has five main themes:
- financial sustainability
 - governance and scrutiny
 - strategic direction
 - place leadership and growth
 - leadership and culture
- 2.5 From the Enhanced Improvement and Recovery Plan and the Best Value Inspection Report there is a stated intention for major transformation in the planning and delivery of Council services to ensure the most effective use of resources to secure the best outcomes for Thurrock's residents. With restricted financial resources, increasing compliance regulation and greater transparency and accountability a new service model will need to be explored for delivering the Council's housing works services. This will require exploring alternative models of service delivery that are intelligence based, innovative, risk averse and customer focussed. It is inevitable that the Council will go through a period of change in the way it delivers discretionary and non-discretionary services, including the delivery of housing works.
- 2.6 As outlined in para 2.3 HRA budgetary allocations will be restricted whilst there is no borrowing against the HRA for at least five years from 2025. Despite this borrowing restriction the Council must maintain its obligation to ensure its housing stock receives the required investment to maintain safe, compliant and decent homes. The Partnership Delivery Model will enable a single delivery partner to have a degree of flexibility to integrate HRA revenue workstreams and capital programmes to maximise efficiencies. This will ensure the relevant investment decisions are better informed, planned and coordinated to maximise the benefits from this investment in the housing stock to deliver the required standards of decency and compliance.
- 2.7 This approach will ensure that the delivery partner is strongly incentivised to connect repairs data and lifecycle data to capital programmes so that the latter is programmed and delivered to lead to diminishing reactive repairs requests over the medium to long term. The delivery partner will have the necessary expertise and capacity to plan and programme these workstreams to the benefit of the council's housing stock and lifespan. Integral to the Partnership Delivery Model will be a rigorous performance management framework. This performance management framework will encompass all aspects of housing compliance and regulatory requirements as well as customer care, tenant satisfaction and value for money. The details and benefits of this model are highlighted below.

3. Existing Responsive Repairs, Maintenance and Major Works Contracts

- 3.1 The Council is in year nine of a 10-year outsourced contract with Mears Ltd. for the responsive repairs and maintenance service of the Council's housing stock.

Mears have held the contract for the delivery of the repairs service since 2015 and the contract was extended in 2020 for a further 5 years, expiring in February 2025. The average annual contract spend over the past nine years has been £7 million.

- 3.2 The contract is based on a price per property (PPP) model with any repairs falling outside of the PPP scope funded by a repairs exclusions budget and delivered by the same contractor. These exclusion works are mainly complete renewals of various items within the property, such as new baths, toilets, or asbestos removal. All exclusions are listed within the contract and are based on a national schedule of rates. The core services of the contract are routine repairs, works to standard void properties, refurbishment of garages and the management of the contact centre.
- 3.3 The current contracted service has consistently performed well for the Council as evidenced by annual headline Key Performance Indicators (KPIs). Social value contributions to the local economy have been significant by way of supply chain opportunities, apprenticeships, and skills training for the local community.
- 3.4 Documents detailing the performance (appendix 1) and spend (appendix 3) over the past five-year period of the existing responsive repairs and maintenance contract are appended to this report.
- 3.5 The current Transforming Homes programme is the Council's planned capital investment programme for its housing stock. This delivers major refurbishment work to ensure all properties exceed the decent homes standard and improve the building fabric, energy efficiency and performance of these properties. The programme includes internal and external workstreams, such as:
 - kitchen and bathroom renewal
 - electrical and heating system upgrades
 - adaptations
 - window and door replacement
 - improved insulation
 - remediation of structural defects
- 3.6 The partnering contractor delivering this programme is Wates. The Council entered a contract with Wates in July 2021, which is due to expire in July 2024 with the option to extend by up to two years.
- 3.7 The current Transforming Homes consultancy support is provided by Potter Raper. Through this contract Potter Raper provide specialised professional services including cost consultancy and structural engineering. The contract was let in July 2021 and is due to expire in July 2024 with an option to extend by up to two years.
- 3.8 Documents detailing the performance (appendix 2) and spend (appendix 4) of the current Transforming Homes programme between 2021 and 2023 are appended to this report.

4. Existing Contractual Arrangements

- 4.1 It is the intention of the Housing Assets, Repairs and Compliance service to review all relevant housing works programmes and contracts related to repairs and maintenance, planned major works and asset compliance to seek financial and delivery efficiencies where possible. This exercise will be undertaken as part of the specification development for the new Partnership Delivery Model contract. Alongside the potential contract efficiencies that have been identified, this approach is also recommended to ensure that moving forward the Council continues to maintain asset related compliance performance and improves our residents experience in the delivery of these works.
- 4.2 The inclusion of these services and other applicable related contracts within the newly procured works contract will realise greater cost efficiencies and social value deliverables for the Council, whilst also reducing the number of contracts that the Council manages and delivers. This approach ensures the Council meets the objectives within the Enhanced Improvement and Recovery Plan to become a more streamlined and financially sustainable council.
- 4.3 Where housing works contracts relevant to the Delivery Partnership Model are due to expire before March 2025, it is recommended that the Council 'something' one of the following:
- extends the contract until March 2025, where possible
 - incorporate the works associated with those contracts into existing contracts as an interim measure
 - explore ad-hoc purchasing arrangements so there is no disruption to services and the Council can meet its obligations as a landlord, particularly with reference to compliance functions.

5. Partnership Delivery Model for Housing Works

- 5.1 The challenges facing the Council will require it to limit its exposure to financial and compliance risks whilst securing effective outcomes for its residents. The Partnership Delivery Model will enable a model of service delivery which embraces innovation, is customer focussed, and incorporates intelligence-based decision-making.
- 5.2 The Partnership Delivery Model will enable the Council to deploy a new service model that has a significant impact upon the quality of life of thousands of Thurrock residents. The Partnership Delivery Model presents the Council with the opportunity to become a more intelligence-based organisation deploying the innovative approaches of a delivery partner to plan and deliver its housing works and compliance services within a defined financial envelop, which is customer focussed and which minimises risk to the Council.

- 5.3 Currently the Housing service has 30 contracts with as many suppliers for the delivery for a range of repairs, major works, compliance works and professional services. A Partnership Delivery Model (whereby there is one single delivery partner and all contracts consolidated into a single contract) is a model that will yield a range of benefits and efficiencies for the council. To realise the benefits of the Partnership Delivery Model, the Council will make an appointment following a competitive procurement exercise in accordance with Public Contracts Regulations 2015. Under this model all staff within Assets, Repairs and Compliance would transfer to the Delivery Partner. This will be a contractor responsible for the delivery and completion of all housing reactive, planned major capital and compliance works programmes, including - without limitation - managing the delivery of the term works programme.
- 5.4 A separate procurement will be undertaken for an Assurance and Audit Partner. No existing council staff are expected to transfer over to the Assurance and Audit Partner as this will be a smaller specialist contract, ensuring all audit and assurance requirements are met.
- 5.5 The Partnership Delivery Model is designed to enhance the resident experience and journey in accessing an all-inclusive repairs and planned works service from a single supplier, as well as enable the Council to deliver these works in an efficient and cost-effective manner. This approach will also contribute to reducing the Council's HRA borrowing needs within the scope of the housing works being procured that:
- result in savings both realised through the procurements and over the term of the contract
 - enables investment to be focused on maintaining the compliance and condition of existing homes
 - enables preventative maintenance to result in a reduction to repairs demand and cost (linking responsive costs to planned investment requirements)
 - reduces the Council's head count and as a result, reduces demand on the Council's corporate support services such as Human Resources, Finance, and IT
 - enables the Council's corporate estate to be leveraged to provide colocation of employees, realising property cost related savings through the procurement
 - provides efficiencies on contractor overheads and preliminary costs
 - produces savings on third party consultancy costs through a single contract model
 - reduces long term demand on preventative maintenance by ensuring reactive works and capital programming works are inextricably linked
 - produces potential income generation to the Council by the letting of corporate assets for delivery partnering staff

6. The Delivery Partner

- 6.1 In order to satisfy the requirements of the Partnership Delivery Model, the Council will need to procure and appoint a Delivery Partner which is expected

to be a contractor experienced in providing a full range of maintenance services that include:

- repairs
- void refurbishment
- cyclical maintenance
- compliance services
- planned refurbishment works inclusive of kitchens, bathrooms, heating, roofs, windows, and door replacements.

6.2 The Delivery Partner and the Council will enter a Term Contract (likely to be in the form of a Term Alliance Contract), under which the Delivery Partner will take responsibility for the delivery of the works programme as set out in the Council's specification brief. Term Alliance Contract is a form of contracting that supports and integrates the provision of any type or scale of works and/or services and/or supplies within a longer-term alliance framework between the client and supplier. It is endorsed by the Construction Industry Council and by Constructing Excellence.

6.3 The term of the arrangement will need to be long enough to enable returns on investment made by the Delivery Partner. This may include investments in green fleet, or planned works where the savings in maintenance costs come much later. Equally, the term can be an enabler to other necessary investments, such as in people strategies given skill and labour shortages in the face of a proven benefit to the customer journey through the delivery of services by directly employed operatives.

6.4 It is intended that the Partnership Lead, the position with overall responsibility for the contract, is employed by both the Council and the Delivery Partner to ensure full commitment, buy-in and oversight across both organisations. This role will be supported by a new council team, as described in section 9 (nine) below.

6.5 It is possible that employees of maintenance contractors currently appointed and in contract with Thurrock who are affected by the appointment of a single contractor may be entitled to transfer their employment to the Delivery Partner, though this will be confirmed by Thurrock and its legal advisers during the procurement exercise.

7. The Assurance and Audit Partner Contractor

7.1 The Assurance and Audit Partner contractor will be provided by a third-party specialist auditor company, acting for the council in providing assurance and audit in relation to:

- the Council's responsibilities as duty holder
- compliance with the price terms, including administration of the payment process under the Partnership Delivery Model

- audit, inspection and testing to ensure compliance with legislation, including health, safety and landlord compliance
- site inspections, in relation to work completion and work quality

8. Council Retained Functions – Governance

8.1 The Council will create a small professional team within the housing department who will manage and deliver the new scope of contracts outlined within this report. The team would be responsible for the following activities and outcomes:

- strategic governance and management of the contracts
- administration of the payment process for the Assurance and Audit contract and the Delivery Partner
- setting and monitoring the realisation of the performance and objectives, through the contracts
- meeting the Council's responsibilities as duty holder

8.2 This team will lead on and oversee robust governance arrangements established for the Partnership Delivery Model. There will be monthly review and monitoring meetings with the delivery partner on operational elements. In addition, there will be higher level strategic meetings with senior personnel to hold all parties accountable under the partnership model. There will be regularised reporting to Housing Overview and Scrutiny Committee to report on performance, tenant feedback, social value and wider oversight of the partnership delivery model.

8.3 In all governance meetings there will be representation from the Tenants' Excellence Panel. These representatives will be supported to ensure they have the necessary information and resources to challenge to the partnership model and provide an effective tenant's voice. In addition, this team will be responsible for action planning findings from the tenant satisfaction metrics that are submitted to and published by the Regulator of Social Housing.

8.4 The governance arrangements for the Partnership Model will need to strongly reflect and act in accordance with the requirements of the Social Housing Regulation Bill, which will strengthen the powers of the Social Housing Regulator to improve standards by taking a more proactive, regulatory approach, increase the rights of tenants and enable tenants to better hold their landlord to account on consumer issues.

9. Financial Assumptions

9.1 From financial year 2025/26, there will be no planned prudential borrowing against the planned and major works element of the HRA capital programme for a minimum period of 5 years. The financial implication of this means that from 2025/26, the HRA capital expenditure budget for these works will be £13m. This amount of funding will be sourced through an £11m annual revenue contribution to capital, and £2m of ringfenced capital receipts.

The estimated HRA annual revenue expenditure for repairs and maintenance will be set at £11.5m. This is against the current spent of £13.2m, as outlined in appendix 3. It will be arrived at through a combination of reduced spend and archiving of economies of scale through the amalgamation and management of one contract as opposed the current 20+ on the revenue side only.

This level of HRA expenditure is expected to remain until the HRA borrowing capacity is reviewed after 2030/31. It is unknown at this point if the HRA borrowing restriction will be lifted, curtailed, or extended after 2030/31, and the housing investment programmes will be reviewed accordingly.

- 9.2 Despite the borrowing restriction, the Council has a legal obligation to maintain its commitment to provide safe and compliant homes and continue its repairs policy. Capital works investments will be contained within the funding envelope, as detailed.

It is anticipated the following efficiency savings opportunities will exist under the Partnership Delivery Model:

- overhead and prelim efficiency on self-delivered works and compliance services, and in consolidation of roles transferring from Thurrock
- re-procurement of specialist services on more competitive rates
- consolidation of small contracts
- less demand on the Council's general services and back-office functions such as procurement, legal contract management, and finance budget reporting on individual budget lines
- less head count and reduced Human Resource management functions
- preventative maintenance to reduce repairs demand and cost (linking planned and capital)
- IT savings within the delivery through a single contractor system
- lower profit margin expectation overall (scale led)
- savings in third party consultancy costs through a single contract model and simplifying the price terms
- reduced staff office-based location costs

Target efficiency saving of at least 5% is anticipated to be deliverable under this model from the second year (2026/27) of the contract operation.

9.3 Current Staff Costs

The current salary outlay for the Assets, Repairs and Compliance service equates to £2.3m per annum. Under the Partnership Model, these salary costs will be transferred to the Delivery Partner.

However, we are assuming a level of attrition (up to 30%) with staff retiring and opting to pursue career options elsewhere, in which case this will reduce the transferred salary costs to the Delivery Partner to £1.61m.

The level of TUPE and pension costs will depend upon the responses back from prospective bidders as to the level of staff resourcing required to service the contract. It will only be at this stage of the process, when bidders submit their final tenders, the full implications of TUPE, redeployment and redundancy costs to the Council become evident. Any redundancy costs will be met within the 2025/26 financial year.

Cost Centre	Cost Centre Description	Sum of current budget (£)
HR413	Strategic Lead – Asset Compliance & Repairs	103,000
HR450	Housing Asset Delivery – Revenue Team	619,472
HR451	Voids Team	162,147
HR452	Housing Asset Delivery – Capital Team	485,820
HR454	Technical Services Team	951,685
Grand Total		2,322,124

9.4 Creation of a Thurrock Partnership Delivery Team.

Thurrock will adopt the role of a commissioning client within the Partnership Delivery Model and therefore need to create a new smaller team within the Housing Directorate to lead on strategy, policy and setting and monitoring service standards. The new team will also represent the Council’s interests at all contractual governance arrangements with the Delivery Partner and fulfil the Council’s own reporting and governance requirements to relevant boards, Housing Overview and Scrutiny committee and to Cabinet.

Furthermore, whilst the new roles will be substantially different to the existing roles, it is assumed and hoped that a number of staff will secure jobs in the new structure. Any new roles are currently only recruited on a fixed term basis.

The new team will comprise of the following roles:

- Strategic Partnership Lead at Grade AD1 (part contribution from the Delivery Partner)
- Delivery & Commercial Manager at Grade I
- Asset Assurance Manager at Grade I
- Relationship Manager at Grade G
- Commercial Cost Manager at Grade H
- Three officers to support the three managerial roles at Grades D-F

This team, which will be created by the Council, will be financed through the reduction in salary costs identified in para 9.2. Therefore, this does not represent additional expenditure, and can be contained within existing resources.

The combined salary outlay of the team outlined above will be approximately £620,965 at current salary levels including on-costs (23/24 financial year)

Job title	Number of posts	Grade	Salary with on-costs	Total cost
Strategic Partnership Lead/Director	x1	Grade AD1 (mid scale) with contribution of £20k from the Delivery Partner	110,681	110,681
Asset Assurance Manager	x1	Grade I (top of grade scale)	109,486	109,486
Delivery & Commercial Manager	x1	Grade I (top of grade as managing Cost Manager)	109,486	109,486
Commercial Cost Manager	x1	Grade H (mid scale)	84,128	84,128
Relationship Manager	x1	Grade G (mid scale)	70,705	70,705
Support Officer	x3	Grade D-F (take grade E as an average)	45,493	136,479
Grand Total				620,965

9.5 Costs for Professional Services

The procurement process for the Delivery Partnership Model will incur costs for a range of professional services such as Legal, Human Resources, Procurement, Commercial and housing partnering consultancy services. It is estimated these costs will be in the region of £500,000. This level of expenditure for professional services appears reasonable given the value, scale, and complexity of the contract to be procured. These costs are to be met from the Council's HRA financial reserves and existing budgets.

Service	Description – one off cost for setting up the model	Cost £
Legal Services	Full scope of legal advice and input, review of tender documentation and contract drafting.	150,000
Housing Partnering Advisor	Coordinate and advise on all procurement activities for the Partnership Delivery Model. Drafting of all documents for procurement and construction of tender pack.	130,000
Human Resources (internal)	Advise and oversee TUPE implications and processes	60,000
Procurement (internal)	Advise and oversee procurement protocols in line with Public Contract Regulations.	60,000
Total		500,000

In addition to these professional services, there will be a separate procurement exercise for the commissioning of the Assurance and Audit function which will be provided by a third-party professional service supplier, acting for the council in providing audit and assurance in relation to:

- the Council's responsibilities as contract owner, in terms of contract governance
- compliance with the terms of the contract including control mechanisms and administration of the payment process

The cost of the Assurance and Audit provider is estimated to be £150,000 per year over the ten-year term.

In addition to the professional services (as listed in the table above) the Council may also, when required, commission the services of an Alliance Manager. The Alliance Manager will be defined within the contract with the Delivery Partner and will be an entity or body very familiar with the contractual Partnership Model arrangements.

The role of the Alliance Manager will be to:

- support and enable the ongoing success of the Partnership and the model, with the evolution of successful partnering
- mediate in the event of any disputes or perceived deviation from the model
- advise the Council in the event of any major strategic shifts impacting on the model

The cost of the Alliance Manager will be on a day rate basis and capped at £50,000 over the ten-year term of the contract.

10. Procurement Process and Timescales

10.1 The Council will utilise the Competitive Dialogue Procedure for the two separate procurements, in accordance with the Public Contracts Regulations 2015. Both processes ensure the procurement principles of transparency, integrity, openness, non-discriminatory and fairness are applied.

10.2 The Council will be engaging with interested participants who have responded to the Prior Information Notice in preparation for the new procurement exercise, specifically to answer a number of questions:

- does the Partnership Delivery Model stand a good chance of success in addressing Thurrock's objectives; and/or are there opportunities to adapt the Model or the procurement process to achieve this?
- are there any necessary changes to the allocation of roles and responsibilities to ensure the Model operates successfully, delivering on the objectives?

- what are the main opportunities and risks under the Model, and what is Participants feedback as to how these can be addressed through the specification and/or any amendments to the Model?
- are Thurrock correct in their identification of efficiency savings opportunities through the Model, including the scale of the potential saving?
- what are participants' views on the likely appetite, ability and experience of providers to bid for and take on the roles of the Management Partner and Delivery Partner under the Model?

10.3 The Council intends to work to the following indicative timetable (these dates are subject to change at the Council's discretion).

Activity	Date
Market Engagement	July – August 2023
Contract Notice	14 th December 2023
Selection Questionnaire (SQ)	14 th December 2023 – 25 th January 2024
Request for Core Proposals (RCP)	21 st February 2024 – 27 th March 2024
Competitive Dialogue Sessions	6 th May 2024 – 5 th June 2024
Request for Final Tenders (RFT)	2 nd July 2024 – 6 th August 2024
Award and Standstill	13 th September 2024 – 26 th September 2024
Mobilisation	October 2024 – February 2025
Maintenance Contract Start Date	01 st March 2025

Figure 1: Indicative procurement timetable

10.4 The proposed term of contact will be initially for ten years, with a five-year break clause. There will be an option to extend for a further five years at the end of the ten-year term and a further five-year extension thereafter (10+5+5), subject to funding and performance. This route will ensure the Council is able to secure a contractor that offers the best possible price and quality options for this service as well enable the Council to secure:

- investment opportunities, particularly in green technologies
- local economic and supply chain opportunities
- comprehensive social value opportunities and outcomes
- greater commercial leverage for the Council in negotiating terms and rates
- greater leverage to negotiate discount on the annual indexation uplift
- greater competition from a wider range of suppliers

10.5 This recommendation for an initial ten-year contract term will attract potential suppliers to bid, price and invest based on a ten-year term. Bidders may also take the view that it is more likely that the contract will survive for a term of at least ten years, than if the term is based on multiple extension options (e.g. 5+5+5). Bidders may be more attracted by the opportunity and invest more in their offer price to the Council, offering more innovative solutions in its approach to managing repairs (for example, investment in digital platforms for reporting and tracking repairs).

- 10.6 The proposed initial ten-year term contract with the potential to extend for a further five plus five years falls comfortably within the thirty-year HRA business planning cycle. This will provide confidence to potential credible suppliers in the market that the Council has committed to continued investment into its housing stock from its HRA resources. This will signify to potential suppliers that the long term commitment and resources have been earmarked for this investment despite on-going government directions on the s114 status.

11. Issues, Options and Analysis of Options

- 11.1 The Council appointed an independent housing partnering advisor to carry out a detailed options appraisal which includes the benefits and disadvantages of each approach. This report considered the different delivery models available to the Council and recommended an outsourced contract, which has since evolved into a more comprehensive Partnership Model.

The options appraisal report is included as appendix 5 of this report (Exempt).

- 11.2 In preparation for the procurement process, a Partnership Model market engagement exercise has taken place in accordance with the Public Contracts Regulations 2015 to engage with providers in the marketplace that have delivered the role as a Delivery Partner across a similar range of services, at a similar or greater scale.

- 11.3 The purpose of this market engagement exercise was to assist the Council and its advisers in confirming the ability of the market to meet the Council's requirements with evidentially skilled and experienced providers in line with the Partnership model, and to ensure the Partnership Model can generate sufficient interest to properly run a competitive tendering process. The market engagement is also intended to inform the structure of the procurement exercise and clarify key aspects of the proposed Model, including the roles and responsibilities of the Delivery Partner.

The market engagement exercise also scoped interest in the provision of a Management Partner, but it was evident there would not be enough market interest to fulfil this function competitively.

The Partnership Model market engagement brief is included as appendix 7 of this report (Exempt).

- 11.4 Following the market engagement exercise, a report was produced by the Council's independent housing partnering advisor which sets out the feedback which was gathered from the market engagement exercise and the alternative options which are being considered in relation to the Management Partner.

The report detailing the feedback from the market engagement exercise is included as appendix 8 of this report (Exempt).

12. Reasons for Recommendation

12.1 The recommended option for the Partnership Delivery Model outlined in this report is considered the most cost effective and risk averse option for the Council. The recommendation fully aligns with Thurrock's Enhanced Improvement and Recovery Plan 2022 strategic themes to be a more streamlined and financially sustainable organisation; to design services in greater collaboration with residents and stakeholders and to incorporate digital innovation in service delivery.

12.2 The Council will contract the works to a single Delivery Partner to enable the following service benefits and economies to the Council:

- reductions in the Council's directly employed head count, resulting in reduced demand and activity for the Council's corporate support services such as Human Resources, Finance and IT
- In line with plans for the financial recovery of the Council, the Partnership Delivery Model is based on zero borrowing for an initial period of five years
 - the contractual arrangement will allow for flexibility in this approach as the term progresses
- integration savings within the Delivery Partner's management and preliminaries, leveraged through moving to a single team to deliver all Works Programmes
 - the Council will be looking to appoint a contractor/Delivery Partner who self-delivers a very large proportion of the Works Programme, and contracts directly with specialist subcontractors who themselves self-deliver all Works Programme that the Delivery Partner is not able to
- reductions in overhead and profit (scale and duplication) by anticipating that central overhead charges to the term contract and profit requirements as a percentage can be lower, as a function of the scale of the Term Programme
- reductions in contract management costs, where the Delivery Partner would assume certain contract management functions for the Term Programme via a single Term Contract with a single Delivery Partner (as opposed to Thurrock currently contracting through 30+ different contracts with 30+ different contractors)
- through the Partnership Delivery Model, the Council will enable investment to deliver on the strategic objectives of its social housing portfolio such as to ensure the incorporation of planned and responsive maintenance work to enable investment in planned works to reduce repair costs. This will only be possible with a long-term contractual arrangement.
- with a single Delivery Partner this provides an added opportunity for economies of scale for the partners within their delivery costs, passed on to the Council through the contract prices
- the term of the contract arrangement (10+5+5) can also be the enabler for the thirty current contracts to end naturally and dovetail into the long-term arrangements, as they end
- the term of the arrangement, and the scope of services, can also be an enabler to more innovative strategies for the decarbonisation and retrofitting of the housing stock

- it is expected that the Council will need to rely on managed and funded solutions for the retrofitting of homes, including the transition from gas heating systems to alternative solutions

13. Human Resources Impact - TUPE

- 13.1 The main Human Resource impact of this report is that TUPE will apply in two ways. Firstly, the TUPE of current Council staff affected by the outsourcing of the delivery and contract management functions to the appointed contractor.
- 13.2 The second way that TUPE will apply is that staff may need to transfer from incumbent suppliers to the successful appointed contractor. This is a direct transfer from contractor to contractor. The Council is not responsible for this transfer, but will facilitate the provision of TUPE information as part of the tender process to allow contractors to be able to accurately price the contract.
- 13.3 The TUPE process will be managed in line with current legislation. If any other Human Resource issues arise these will be managed under the relevant policies and procedures of the Council.

14. Consultation (including Overview and Scrutiny, if applicable)

- 14.1 Options within this report have been discussed with the Portfolio Holder for Housing and the Shadow Portfolio Holder for Housing. Wider housing and corporate estate colleagues have been briefed on the impending contract procurements to ensure a one Council approach.
- 14.2 The Report has been presented to Housing Overview & Scrutiny Committee on 20th June 2023. The Housing Overview and Scrutiny Committee recommended the formation of a working group with members of the Committee, to consult with officers and experts with a view to producing a detailed report in advance of the procurement of the Partnership Delivery Model to determine the most beneficial length of contract. Following these recommendations, a Working Group has been established for the Procurement of Repairs and Planned Maintenance Housing Contracts. The first meeting of this Working Group was on 14th August. Further meetings have been scheduled. The Terms of Reference of this Working Group are attached as appendix 9 to this report. The aim of this group is as follows:
- to create a responsive working group for members to consult, inform, influence, and oversee the procurement process
 - there will be five (cross party) elected members on the working group
- 14.3 Engagement sessions on procurement approaches have been held with the Tenants Excellence Panel, with further engagement sessions planned. Residents have been consulted via an online and paper survey to solicit views on future repairs service innovation. Feedback from these surveys will inform the new scope of repairs service to include innovative delivery approaches.

14.4 Engagement sessions have been held with staff. In addition to scheduled briefings, managers held a series of staff face to face drop-in sessions at different locations. This was to ensure that individuals had the opportunity to ask questions and give feedback directly. Managers gave updates and offered support where appropriate. Engagement sessions took place on the following dates:

- 23rd June 2023
- 6th July 2023
- 21st July 2023
- 4th August 2023

14.5 As part of the procurement process, the regulatory Section 20 consultation will be carried out with leaseholders. A Notice of Intention will be issued at the outset of the procurement, with a Notice of Proposals issued once the preferred bidder has been determined. This will result in the creation of a Qualifying Long-Term Agreement, enabling the Council to recharge works to leaseholders where applicable.

15. Impact on Corporate Policies, Priorities, Performance, and Community Impact

15.1 The recommendations of this report align with Thurrock's Enhanced Improvement and Recovery Plan 2022 to be a more streamlined and financially sustainable organisation.

15.2 The recommendations within this report will align with the strategic theme of the Enhanced Recovery Plan to be a focussed, cost-effective, sustainable organisation, with a co-designed approach to service provision which is delivered in partnership with residents and other key partners, with collaboration across multi-disciplinary teams

15.3 The recommendations of this report will enable the Council to explore and implement digital innovation in delivery of the repairs service in line with the strategic theme of the Enhanced Improvement and Recovery Plan.

16. Implications

16.1 Financial

Implications verified by: **Mike Jones**
Strategic Lead – Corporate Finance

The financial implications of the report are as follows. There is no impact to the Council's General Fund and all financial implications are contained within the Housing Revenue Account (HRA).

Revenue Expenditure implications

The HRA has a revenue budget of £13.2m to deliver revenue repairs and maintenance in the current financial year 2023/24. Through the Delivery Model approach, this budget will be revised to £11.5m, creating a saving of £1.7m per year.

Annual inflationary uplifts in the contract will be considered as part of the annual budget setting process and will be financed through additional resources generated in the rent and service charges review.

Capital Expenditure implications

As detailed in para 9.1, from financial year 2025/26, the HRA is required to set a capital budget for planned and major which does not incur prudential borrowing. Therefore, the resources available for this will £13m. This funding will be sourced through an £11m annual revenue contribution to capital (RCCO), and £2m of ringfenced capital receipts. The capital receipts derived from the funding the HRA receives through right to buy sales.

The RCCO contribution is higher than the depreciation calculation, which is the minimum level the HRA must allocate to finance the capital programme. Therefore, this is compliant with the required financial regulations.

Through the efficiencies that the contract offers, the HRA will be able to achieve a direct revenue saving and comply with the restriction on Capital borrowing.

The revenue savings will be ringfenced to the HRA and will be invested back into services for its housing tenants.

The contract will also offer the Council greater control over both revenue and capital works, with the delivery being provided by one supplier.

Staffing cost implication

Para 9.3 details how the contract will be managed, at a cost of £0.603m per year. The funding for this will be contained within existing resources and is the reallocation of budgets. This does not represent additional expenditure to the HRA.

The 2023/24 staffing budget associated with the proposals is £2.3m

Annual inflationary uplifts in relation to staffing costs for part of the HRA budget setting process and will be funded accordingly.

Upon completion of the procurement exercise, the cost of the new contract will form part of the 2025/26 HRA budget setting process. The submitted tenders will be evaluated against this budget to give an informed view of the contract cost.

16.2 Legal

Implications verified by: **Kevin Molloy**
Principal Solicitor

Following issue by the Council of a S114 notice, the Council must ensure that its resources are not used for non-essential spending. The contracts at issue here are all essential and the provision of them a statutory duty. In procuring the services outlined, the Council must observe the obligations upon it outlined in national legislation and in its internal procurement rules. The proposed procurement routes listed should fulfil these requirements, but officers are recommended to keep Legal Services fully informed as they progress through the procurements to ensure compliance.

The Council has a responsibility under the Landlord and Tenant Act 1985 as amended by the Housing (Fitness for Human Habitation) Act 2018 to ensure the repair of the structure and essential services of their properties and that they are fit for human habitation for the duration of the tenancy; and where the Council fails to do so, it is at risk as to compensation and abatement claims from its tenants. Ordinarily to address this duty the council needs to have a planned maintenance programme with periodic inspections and an effective responsive repairs service. The recommendations will help the Council meet its obligations and to meet any responsibilities under the Social Housing (Regulation) Act referred to above.

By s. 3 (1) Local Government Act 1999, the Council must “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.” The recommendations within this report will assist the Council in complying with this duty.

Any employment legal implications are picked up in the HR implications section. The need to have regard to the Public Sector Equality duty is set out below.

16.3 Diversity and Equality

Implications verified by: **Rebecca Lee**
Community Development Team

This is a high-profile service that impacts on many of our residents and communities and the consideration of equalities is key for both how the Council contracts the service and how contractors perform the service. The Council has a statutory duty, when exercising its functions, to comply with the provisions set out in the Sec 149 Equality Act 2010. As such, a full Community Equality Impact Assessment will be carried as part of the procurement process.

The Council must, in the performance of its functions, therefore, have due regard to:

- eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under this Act
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

While there are no specific equality and diversity implications arising from the recommendations of this report, it is imperative for the council to ensure residents continue to receive a repairs and maintenance service and there is a risk to residents if this service is not in place in time when the existing contract expires.

Should the new repairs and maintenance contracted service not be in place in time, there will be a deterioration of living standards for residents as well as the deterioration of properties. It will also mean the Council will not meet its landlord obligations under the Fitness for Human Habitation Act with implications for all protected groups with some, potentially, more disadvantaged than others because of age and disability.

If the term of the contract is increased in line with the recommendations outlined in this report, Council Officers will work with the provider to explore opportunities to extend its existing social value offer to support a wider range of projects to benefit the social, economic, and environmental wellbeing of local residents.

16.4 Other implications (where significant) – i.e., Staff, Health Inequalities, Sustainability, Crime and Disorder, and Impact on Looked After Children

A Data Protection Impact Assessment will be undertaken, and a Data Protection Agreement entered with the successful Delivery Partner.

17. Background papers used in preparing the report

None

18. Appendices to the report

- Appendix 1: KPI Performance report for repairs and maintenance
- Appendix 2: KPI Performance report for Transforming Homes
- Appendix 3: Revenue spend (last 5 years)
- Appendix 4: Capital spend (last 5 years)
- Appendix 5: SLT options appraisal – Financial Assumptions – (exempt)
- Appendix 6: Options appraisal for delivery of repairs and maintenance
- Appendix 7: Partnership model market engagement brief

- Appendix 8: Partnership model feedback from market engagement (exempt)
- Appendix 9: Terms of Reference for Housing Working Group – Procurement of Three Core Contracts as part of the Partnership Delivery Model

Report Authors:

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Housing Repairs and Planned Maintenance Manager

KPI Scorecard 2018/19
Responsive Repairs

Contractor
Mears

Repairs Performance

No.	KPI	Target	April	May	June	July	August	September	October	November	December	January	February	March
1	% of all repairs completed within target time	95%	97.5%	96.4%	96.3%	96.4%	96.7%	95.88%	97.46%	99.07%	99.02%	98.92%	98.73%	98.08%
2	% of emergency repairs permanently fixed first time	95%	99.7%	98.9%	98.3%	97.9%	99.4%	99.14%	99.50%	98.99%	98.85%	99.69%	99.48%	99.78%
3	% of emergency repairs permanently fixed within emergency target time	95%	99.4%	98.4%	97.6%	99.2%	99.4%	97.99%	99.40%	99.87%	99.34%	99.33%	100.00%	99.60%
4	Average number of working days to complete permanent repair for all emergency repairs	1 Day	0.19	0.09	0.10	0.09	0.15	0.17	0.11	0.13	0.15	0.18	0.17	0.14
4a	Highest number of working days to complete permanent repair for all emergency repairs in month	Info Only	2	3	34	3	3	3	3	3	2	3	1	4
5	% of urgent repairs permanently fixed first time	95%	98.1%	97.4%	96.9%	96.4%	98.7%	98.48%	98.49%	98.62%	97.92%	98.01%	95.70%	99.64%
6	% of urgent repairs permanently fixed within urgent target time	92%	93.7%	98.0%	97.8%	98.5%	98.7%	97.45%	96.98%	99.81%	97.96%	96.89%	98.10%	99.25%
7	Average number of working days to complete permanent repair for all urgent repairs	5 days	3.51	2.44	2.48	2.26	2.30	2.43	2.80	2.31	2.38	2.07	1.93	2.42
7a	Highest number of working days to complete permanent repair for all urgent repairs in month	Info Only	25	8	12	17	22	26	11	8	8	7	18	6
8	% Routine repairs permanently fixed first time	95%	99.0%	98.5%	97.5%	96.2%	97.9%	97.51%	99.00%	99.02%	99.06%	98.38%	99.06%	99.55%
9	% of routine repairs permanently fixed within routine target time	92%	98.3%	94.1%	94.5%	92.5%	93.3%	93.72%	96.74%	98.35%	98.99%	98.94%	98.31%	96.96%
10	Average number of working days to complete permanent repair for all routine repairs	20 Days	9.21	9.96	11.53	12.01	11.81	11.53	9.65	6.83	6.86	7.12	6.53	7.57
10a	Highest number of working days to complete permanent repair for all routine repairs	Info Only	51	48	58	58	78	90	45	66	40	35	67	65
11	Average number of working days to complete a permanent repair across all repair categories	10 days	4.92	5	6.16	5.42	5.70	5.96	5.19	4.06	4.65	5.05	4.91	4.56
12	% of in progress jobs out of target	<2%	3.3%	3.6%	4.80%	5.14%	4.01%	1.94%	1.83%	1.75%	0.71%	0.52%	1.16%	1.89%
13	Number of tasks/orders for "in scope" works per property	3	0.23	0.24	0.22	0.22	0.22	0.21	0.23	0.24	0.19	0.25	0.22	0.24

Void Performance

No.	KPI	Target	April	May	June	July	August	September	October	November	December	January	February	March
14	Average number of working days to hand back void property*	10	7.5	8.4	9.7	8.1	9	9.2	9.4	9.6	8.8	10.1	8.0	6.8

Appointments Management

No.	KPI	Target	April	May	June	July	August	September	October	November	December	January	February	March
15	Appointments kept as a % of applicable orders (Target 90% until July 2016)	95%	96.0%	96.5%	95.5%	96.8%	97.1%	96.3%	96.0%	96.4%	95.8%	96.2%	97.1%	98.4%
16	% of appointments missed	<15%	9.4%	8.9%	10.9%	10.1%	8.2%	9.5%	10.1%	8.1%	12.5%	10.6%	9.1%	6.8%
17	% of appointments missed by service provider	<5%	4.0%	3.2%	4.5%	3.82%	3.0%	3.61%	3.97%	3.65%	4.22%	3.85%	2.95%	1.65%
18	% of repairs where multiple appointments (2 or more) missed by the service provider	<1%	0.2%	0.0%	0.0%	0.1%	0.2%	0.05%	0.04%	0.20%	0.00%	0.00%	0.00%	0.00%

19	% of appointments missed by tenant	Info Only	5.4%	5.7%	6.4%	6.29%	5.3%	5.87%	6.10%	4.40%	8.32%	6.70%	6.10%	5.13%
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Complaints Management

No.	KPI	Target	April	May	June	July	August	September	October	November	December	January	February	March
20	No of stage 1 applicable complaints received	15	12	8	4	6	4	3	11	6	7	5	2	15
20a	No of stage 1 complaints upheld	Info Only	7	5	1	2	3	1	7	3	3	4	2	9
21	No of stage 2 complaints received	5	1	0	2	2	1	1	2	2	0	2	1	1
21a	No of stage 2 complaints upheld	Info Only	0	0	0	1	1	0	1	2	0	1	0	0
22	% of follow up actioned within agreed timescales	100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Resident Satisfaction

No.	KPI	Target	April	May	June	July	August	September	October	November	December	January	February	March
23	% of residents rating the responsive repairs service as good or excellent *	85%	88.8%	92.9%	92.1%	89.8%	91.8%	91.7%	92.7%	89.6%	93.0%	95.2%	93.1%	94.3%
24	% of respondents satisfied that the agreed appointment time was kept	85%	96.3%	96.3%	96.6%	92.5%	96.4%	95.4%	93.7%	94.7%	96.4%	92.2%	96.5%	95.5%
25	% of respondents satisfied with the quality of repair in their property	85%	91.2%	93.2%	94.2%	92.5%	94.9%	93.3%	94.0%	92.2%	89.9%	91.2%	95.0%	95.0%
26	% of all repairs permanently completed first time	75%	82.5%	82.5%	83.3%	85.7%	86.4%	82.3%	82.3%	81.1%	81.2%	89.0%	82.9%	89.4%

Local Deliverables

No.	KPI	Target	April	May	June	July	August	September	October	November	December	January	February	March
27	Number of apprenticeships in progress or completed *	3	4	4	4	4	4	4	3	4	4	4	4	4
28	Number of apprenticeships offered to Thurrock residents per annum	3	3	3	3	3	3	4	4	4	4	4	4	4
29	% of service providers R&M workforce who are resident within Thurrock	40%	51%	52%	49%	49%	49%	47%	50%	49%	45%	45%	45.76%	46.55%
30	% of suppliers based in Thurrock	Info Only	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
31	The total spend through Thurrock suppliers on materials, sub contractors and equipment	Info Only	£ 145,697.39	£ 108,366.50	£ 136,448.18	£ 108,248.46	£ 115,999.81	£ 117,785.31	£ 145,375.16	£ 122,855.19	£ 92,332.53	£ 77,485.15	£ 90,092.42	£ 162,330.94
32	Number of work experience placements	Info Only	1	1	4	1	0	0	0	0	0	0	0	0

Call Centre

No.	KPI	Target	April	May	June	July	August	September	October	November	December	January	February	March
33	% of calls answered within service level of 30 seconds	85%	87.2%	92.8%	87.9%	92.1%	89.5%	91.80%	89.90%	90.80%	91.60%	90.60%	93.6%	94.5%
34	% of calls answered	98%	99.0%	99.4%	99.1%	99.30%	99.0%	99.30%	99.30%	99.20%	99.30%	99.50%	99.3%	99.6%
35	% of calls abandoned	<2%	1.0%	0.6%	0.9%	0.70%	1.0%	0.70%	0.70%	0.80%	0.70%	0.50%	0.70%	0.40%
36	Average Waiting Time	1:00	0:15	0:10	0:14	0:11	0:12	0:11	0:12	0:12	0:11	0:12	0:10	0:09
37	Average Call Duration	Info Only	3:47	3:46	3:52	3:57	4:05	4:01	3:45	3:36	3:48	3:43	3:38	3:46
38	Total Calls Received	Info Only	3448	3211	3017	3147	2947	2900	3349	3479	2600	3798	3275	3376

KPI Dashboard
Transforming Homes 2021-26
 Service Delivery Indicators

KPI	Target	September	October	November	December	January	February	March	April	May	June
Number of internal works properties handed over	Info only	3	2	21	23	7	15	21	23	24	17
Number of external works properties handed over	Info only	0	9	1	0	1	0	0	0	0	1
Number of internal works properties open	Info only	8	28	6	0	10	11	12	14	9	10
Average number of days to complete internal works properties	20	19	10	17	14	14	14	13	15	15	14
% of completions with failed handover inspections	<5%	50.0%	0.0%	14.3%	0.0%	13.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% of properties handed over snag free	Info only	66.0%	0.0%	38.0%	56.0%	62.0%	60.0%	80.0%	65.0%	40.0%	70.0%
Number of complaints	Info only	0	0	1	0	0	1	3	2	8	3
% of complaints responded to within 10 working days	99.5%	N/A	N/A	100.0%	N/A	N/A	100.0%	100.0%	100.0%	100.0%	100.0%
Number of reportable health and safety incidents	0	0	0	0	0	0	0	1	0	0	0
% of residents satisfied with overall service from contractors	85%	N/A	100.0%	100.0%	80.0%	75.0%	100.0%	92.9%	100.0%	0	0
% of local economy deliverables complied with	Info only	80.0%	80.0%	60.0%	60.0%	60.0%	60.0%	60.0%	100.0%	87.5%	71.4%
									80.0%	100.0%	100.0%
Local Deliverables											
KPI	Target	September	October	November	December	January	February	March	April	May	June
% of construction value spend in local economy	60%	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	70.0%	70.0%
Total number of apprenticeships (annum)	2	2	2	1	1	1	1	1	2	2	2
% of supply chain registered in Thurrock	40%	72.0%	72.0%	72.0%	72.0%	72.0%	87.0%	72.0%	72.0%	72.0%	70.0%
% of subcontractors registered in Thurrock	50%	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%
% of Thurrock residents in the programme delivery team	50%	50.0%	50.0%	62.0%	62.0%	61.0%	61.0%	62.0%	61.0%	61.0%	61.0%

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Cost Centre	Subjective Code	Values						
		2016/17	2017/18	2018/29	2019/20	2020/21	2021/22	2022/23
HR301-Void Repairs	5267-Contribution By Tenant					201	(4,254)	(22,704)
	5268-Void Property Recharge	2,157	(0)	(0)	(23,147)	(3,138)	9,579	8,187
	6030-HRA Housing Breakdown Repairs	1,493,950	1,940,274	1,752,482	1,665,935	1,466,861	1,979,405	2,791,126
HR301-Void Repairs Total		1,496,107	1,940,274	1,752,482	1,642,788	1,463,924	1,984,730	2,776,609
HR302-Day to Day Repairs	1335-Parking Fees					9,000	4,680	
	1750-Professional Fees	0	0	0	0	4,200	0	
	1752-Legal Fees	0	0	3,100	4,615	(22,966)	4,327	82,896
	2041-Grants Other	0	0	0	0			14,024
	5268-Void Property Recharge	0	0	211	8,503	(16,635)	(18,592)	(7,197)
	6030-HRA Housing Breakdown Repairs	5,747,122	5,603,717	6,302,044	6,188,857	6,319,565	6,498,021	6,730,886
	6032-Rechargeable Works	387	0	1,811	0			
	6628-HRA Hoist Lift Replacement Program	0	28,863	(0)	0			
HR302-Day to Day Repairs Total		5,747,508	5,632,581	6,307,165	6,201,975	6,293,164	6,488,436	6,820,609
HR303-Planned Preventative Maintenance	1335-Parking Fees					480	1,080	0
	2600-Private Contractors							62,263
	2650-Highways Recharges	0	0	3,493	70,339	11,416	31,712	4,361
	5267-Contribution By Tenant	0	0	0	(4,745)	(2,180)	(2,840)	
	6001-HRA Gas Servicing	1,221,275	1,482,556	1,705,760	1,542,716	1,566,199	1,134,104	1,235,372
	6022-HRA Lift Maintenance	410,299	327,376	262,845	188,645	109,747	196,903	163,377
	6025-HRA Maintenance Lifts Hoists	33,114	42,900	69,020	59,346	46,589	37,685	45,876
	6026-HRA Door Entry	465,651	524,159	547,028	577,478	224,445	249,134	139,984
	6030-HRA Housing Breakdown Repairs				557,839	924	0	
	6044-Heating, Ventilation & and Pumps	4,480	7,377	16,060	5,256			
	6044-HRA Heating, Ventilation & and Pumps						2,610	0
	6074-HRA Minor Programmes	293,472	196,903	62,684	205,738	697,889	822,795	1,035,258
	6084-HRA Water Services	249,597	269,706	290,830	222,841	119,277	93,105	134,434
	6101-HRA Rewiring Programme	257,076	348,709	261,785	690,681	838,223	613,756	981,810
	6628-HRA Hoist Lift Replacement Program	122,848	55,168	104,628	144,623	184,976	141,977	147,628
	6631-HRA Asbestos Sealing	69,004	54,269	48,611	31,011	26,670	17,115	15,062
6655-HRA Purchase Dispersed Alarms	135,557	113,675	157,100	54,210	9,077	22,102	7,284	
6703-HRA Improve Fire Precautions	277,452	306,070	337,942	192,326	203,708	258,888	418,165	
HR303-Planned Preventative Maintenance Total		3,539,826	3,728,868	3,867,786	4,538,305	4,037,441	3,620,126	4,390,873
Grand Total		10,783,442	11,301,723	11,927,433	12,383,068	11,794,529	12,093,292	13,988,091

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Sum of Spend		Year							Grand Total
Code	Description	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23		
H2000	Thurrock New Standard - Wates	6,812,408.99	7,417,750.82	7,164,545.37	6,999,075.77	9,351,336.64	12,167,814.71	49,912,932.30	
H2200	Thurrock New Standard - Keepmoat	4,131,572.24	-18,093.45	-177.95	0.00	0.00	0.00	4,113,300.84	
H2400	Thurrock New Standard - United Living	0.00	2,391,886.15	4,516,768.17	2,729,600.47	1,107,299.19	0.00	10,745,553.98	
H2805	HRA Fire Safety Works	185,135.99	52,164.36	481,787.21	242,584.46	-14,262.62	2,190,812.46	3,138,221.86	
H2810	HRA Capital Exceptional Works	0.00	21,070.00	46,470.40	4,713.75	0.00	0.00	72,254.15	
H2815	Non Traditional Properties	0.00	0.00	0.00	14,141.25	125,536.27	1,436,696.42	1,576,373.94	
H2820	HRA Garages	0.00	0.00	188,170.57	205,015.59	324,460.62	312,963.02	1,030,609.80	
H2825	Sheltered Housing Improvements Works	0.00	0.00	58,593.67	63,392.25	228,895.07	163,028.86	513,909.85	
H2827	Major Adaptations	0.00	0.00	45,500.51	162,064.79	196,516.58	253,862.74	657,944.62	
H2828	Tower Block Refurbishment	0.00	0.00	0.00	842,600.31	3,616,740.13	3,731,352.51	8,190,692.95	
H2829	Lifts Refurbishment	0.00	0.00	0.00	174,880.00	146,300.00	104,995.80	426,175.80	
H2830	Door Entry Installation	0.00	0.00	0.00	394,696.94	343,432.06	294,917.88	1,033,046.88	
H2831	Water Mains	0.00	0.00	0.00	171,291.28	182,093.84	138,579.21	491,964.33	
H2832	Heating Replacement Programme	0.00	0.00	0.00	602,575.67	976,392.17	1,280,099.72	2,859,067.56	
H2840	Transforming Homes Programme Support	0.00	0.00	0.00	431,247.90	397,954.88	509,103.58	1,338,306.36	
H2850	HUSK affordable Housing	0.00	0.00	0.00	226,116.01	149,360.87	0.00	375,476.88	
H2851	Stock Condition Survey	0.00	0.00	0.00	0.00	0.00	222,975.00	222,975.00	
H2852	Carbon Reduction Requirements (3 blocks)	0.00	0.00	0.00	0.00	51,765.00	4,553,984.16	4,605,749.16	

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
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Thurrock Council

Options Appraisal for Delivery of Repairs and Maintenance

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1 Executive Summary

- 1.1.1 Lumensol Ltd (Lumensol) have carried out extensive engagement with the Thurrock Council (Thurrock) team and its residents to determine the most advantageous delivery model for the repairs and maintenance service. This is to replace the existing Mears contract which expires in February 2025.
- 1.1.2 This report contains the output from those engagement sessions as set out in section four.
- 1.1.3 A full list of recommendations is included at section five, summarised as follows:
- a) Thurrock to procure an outsourced contract
 - b) Use of a partnering form of contract for an initial term of 10 years plus up to 10 years extension
 - c) Increased scope when compared to the existing contract, with workstreams being added based on performance and value for money checks.
- 1.1.4 Throughout the procurement process, the feedback from the engagements, as provided in this report, will be reviewed to ensure any procurement, and ultimately the contract documents, address the requirements.

2 Introduction

- 2.1.1 Thurrock have commissioned Lumensol to complete an options appraisal in relation to the future delivery model for the contract, and in respect of the scope and specification of the services to be procured.
- 2.1.2 This document sets out a range of typical contract delivery models. The models extend from a fully outsourced contract, an example of which is the current contractual arrangement with the current contracting partner, to an insourced model (Direct Labour Organisation (DLO)). It also includes a range of what may be determined as hybrid models (such as a Joint Venture).
- 2.1.3 In Section four, the report first sets out our analysis of each delivery model to highlight the relative benefits and disadvantages. This is in many ways a generic appraisal of each model based on our extensive experience of operating those models with clients, and in the leadership of contracting organisations. No model is in our view better than another, but it is first important to have a founding understanding of the model features on considerations that include control, service, cost and productivity, opportunity and risk, and the requirements for investment in a new model if a change is required. This establishes the foundation for the appraisal.
- 2.1.4 In Section five, we work to understand Thurrock, primarily through an extensive engagement process with internal stakeholders and customers. In this section we understand what we need to consider in order to make the appraisal specific to Thurrock. The appraisal considers the service history of the current contract, the market conditions, and Thurrock's priorities and position as an organisation. For example, Thurrock is a relatively small landlord that wishes to become a smaller organisation, and will have to manage risk very carefully in the face of its financial pressures. We also consider what the objectives of the new service will be, providing vital insight into what the delivery model needs to realise through its operation.
- 2.1.5 In Section five we also consider, through engagement, the scope of the contract, what services are to be included as the core scope of the contract and what services may be added, in either at the start of the contract or as options at a later date, as a means to add further value to Thurrock.
- 2.1.6 Whilst the service specification and performance requirements will be determined later, we have included in Section five of the report a range of findings and observations from engagement with the Thurrock team and the current service provider. This information will aid in informing choices on the detailed service requirements ahead of procuring and mobilising the future delivery model.
- 2.1.7 All the above factors are considered in the evaluation of each of the models in Section six of the report, with a recommendation of what our analysis tells us about the right model and scope of services for Thurrock (in Section seven). We score the models given the specific considerations for Thurrock, as established through the learning set out in Section five. This gives a view on what the right model is for Thurrock, to manage risks and capitalise on the opportunities to deliver the objectives. This is all in the context of where Thurrock is as an organisation and as a Landlord in a fast changing housing sector and macro-economic climate.
- 2.1.8 In relation to the delivery model analysis, options appraisal and recommendations made in this report:
- a) The delivery model appraisals are a direct and honest appraisal based on extensive experience

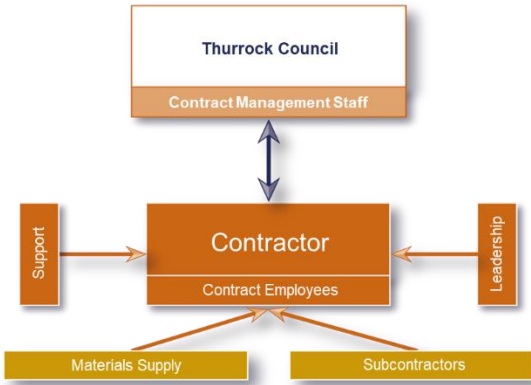
- b) The contents of this document including statements, appraisals, model scoring, findings and recommendations are based on our views and opinions, as a product of our own knowledge and/or experiences
- c) Structural options are different, they are not commonly better or worse
- d) Figures and assessed pros and cons are indicative: Thurrock's facts will vary and many model options could be tailored to its needs, priorities and risk appetite
- e) The strengths, weaknesses, opportunities and threats are generalised, with the opportunity to often adapt models to suit the client's requirements, objectives and risk appetite
- f) Thurrock will make the final decisions based on its own assessment, with Lumensol's continued support as and when required.

3 Background

- 3.1.1** Thurrock are in year nine of a 10-year outsourced contract for the repairs and maintenance of the housing stock. The core services are repairs and voids, with the addition of the contact centre. The services have not been extended, into other cyclical or planned works for example, over the life of the contract to date.
- 3.1.2** A decision is now required on whether to procure a new contract through the same, or similar, outsourced delivery model, or make a strategic choice to change to a different delivery model (such as an insourced or joint venture model).
- 3.1.3** A decision is also required on what services to include in the scope of the contract.
- 3.1.4** The actual service specification and performance requirements will be determined at a later date, once a decision on the delivery model and workstreams has been made.
- 3.1.5** The current contract is seen to have delivered well for Thurrock, particularly regarding a good and stable service as evidenced by KPI results. We understand that customers are very used to receiving the service in this way as it has been for many years. We equally understand that overall, there is an apparently low aspiration for change that cannot reliably and predictably deliver more positive results, where it is evidentially needed.
- 3.1.6** Lumensol were appointed by Thurrock in November 2022 to provide Housing Partnering Advisory services for repairs and planned maintenance following a competitive tender process.
- 3.1.7** The appointment is to collaborate, innovate and improve the outcomes from Thurrock's housing procurement exercise for a repairs and maintenance contractor. The initial requirement is to carry out an options appraisal to determine the most efficient and effective delivery model.
- 3.1.8** The options appraisal process has included engagement with the Thurrock team and its residents to ensure full understanding of the requirements and landscape within which Thurrock's stock resides.

4 Delivery Model Options

4.1 Outsourced Contract

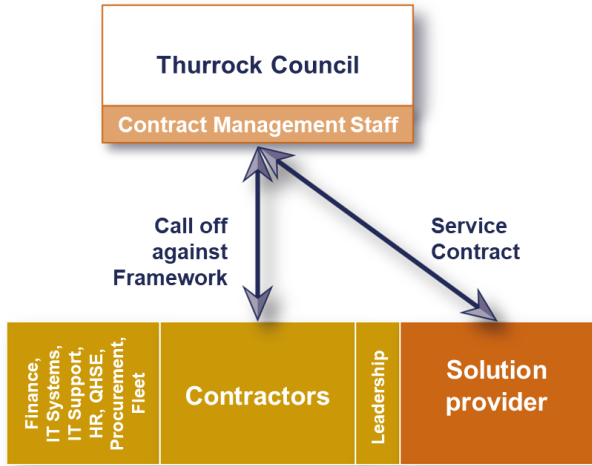


- 4.1.1 An outsourced contract involves a contract between Thurrock and one or more contractors, with the contractor being responsible for delivery of the full service, which may also include items such as the contact centre, stock condition surveys, etc. for a tendered price.
- 4.1.2 Thurrock’s existing arrangement is an outsourced contract.

4.1.3 Some of the benefits and disadvantages of an outsourced contract partnership are listed below:

Benefits	Disadvantages
Market confident and experienced with model	A lesser level of control
Cost risk and uncertainty with the contractor	Higher exposure to counterparty risk given the dependence on the contractor
Productivity risk and uncertainty with the contractor	Lesser cost transparency – whilst the commercial model can assist in creating an environment to nurture transparency, ultimately the client will only receive second hand information from the service provider
Commercial risk and uncertainty with the contractor	Contractor central overheads and profit is a cost
Flexibility of resource	Increased client side costs for management of service
Clear roles and responsibilities defined between the client and the contractor	Less opportunity for knowledge sharing
Low initial investment requirement	Will require procurement and mobilisation in the future
Simple model structure	Future TUPE requirements
Contractor fully responsible for operational delivery and support services	Potential lack of brand identity with customers
Delivery, productivity and commercial risk sits mainly with the contractor	No opportunity for external growth
No requirement for supply chain procurement under public contract regulations	No resource or recruitment control
Lower risk of contractor failing to secure the best, and right, people	

4.2 Dynamic Procurement Solutions (various provider solutions may be available)



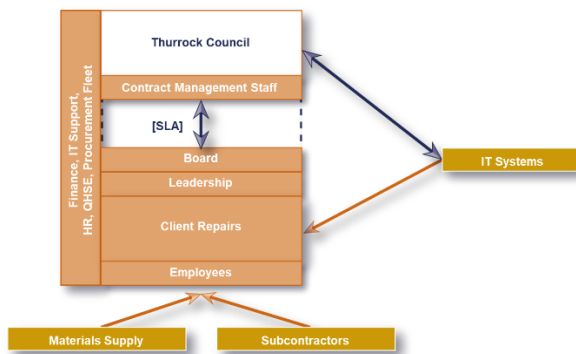
- 4.2.1 The dynamic procurement solution uses an intermediary facility to match the client with a contractor, often on an individual order basis.
- 4.2.2 Works orders are entered into an intermediary system whereby contractors are able to bid to complete the work under a either a framework or dynamic purchasing system.

4.2.3 Some of the benefits and disadvantages based on a generic assessment of a model utilising the above procurement solutions for day to day repairs and voids services are:

Benefits	Disadvantages
Lower exposure to counterparty risk given that there may not be a material reliance on any one contractor	A lesser level of control
Cost risk and uncertainty with the contractor	Lower market confidence and experience with the model
Productivity risk and uncertainty with the contractor	Potential commercial risk in managing the price of individual repairs over the solution
Commercial risk and uncertainty with the contractor	Risk of lack of clarity in relation to roles and responsibilities because of role of intermediary and reduction of direct relationship with contractors
Flexibility of resource	Complex model, and relatively new in the market, therefore less proven
Low initial investment requirement	Lesser cost transparency – whilst the commercial model can assist in creating an environment to nurture transparency, ultimately the client will only receive second hand information from the service provider
Contractor fully responsible for operational delivery and support services	Fees and contractor central overhead and profit is a cost
Delivery, productivity and commercial risk sits mainly with the contractors that secure the work, noting that this may be offset by price implications if underlying costs increase due to market and economic influences	Increased client side costs for management of service

Benefits	Disadvantages
No requirement for supply chain procurement under public contract regulations	Less opportunity for knowledge sharing
Lower risk of contractor failing to secure the best, and right, people	Will require procurement and mobilisation in the future
Potential for reduced risk of backlog repairs because of relationship with multiple contractors through the intermediary, where other resources may be relied upon if individual contractors have reduced capacity to take on work	Lack of brand identity with customers
	No opportunity for external growth
	No retained operative resource - lack of delivery team consistency may lead to lower quality service and elevated H&S and safeguarding risk
	No resource or recruitment control
	No guarantee that any contractor will accept a piece of work

4.3 Direct Labour Organisation (DLO)



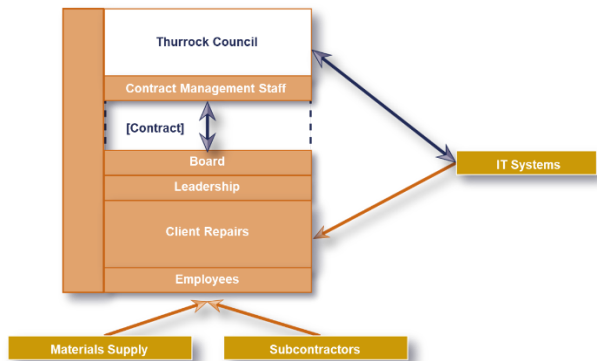
- 4.3.1 The DLO model involves the client self-delivering the full service including employing operatives and procuring materials and supply-chain.
- 4.3.2 This would be either an internal department or a subsidiary within the group.
- 4.3.3 There is no external support from any main contractor.

4.3.4 Some of the benefits and disadvantages of a DLO are listed below:

Benefits	Disadvantages
Maximum level of control	Cost risk and uncertainty with the client
No reliance on main contractor, supply chain are confident and experienced with model	Productivity risk and uncertainty with the client
Low exposure to counterparty risk given the external dependence on only support service providers, suppliers and subcontractors	Commercial risk and uncertainty with the client
All roles and responsibilities with DLO	High opportunity cost due to the investment requirements to establish and manage the DLO day to day

Benefits	Disadvantages
Simple model structure	Low flexibility of resourcing
Absolute cost transparency	High initial investment requirement
Low central overheads and profit as a cost (subcontracted works only)	High cost and competency required in providing support services
Low client-side costs for management of service	Absence of contractor’s evolving knowledge, experience and resources
No future procurement or mobilisation costs	Delivery, productivity and commercial risk sits with the DLO
Clear brand identity with customers	DLO is a Contracting Authority and therefore subject to public contract regulations for procurement of supply chain
External growth potential founded on quality and ethical delivery proposition (subject to the Teckal limit, whereby a maximum of 20% of the turnover can come from external parties)	Ability to recruit and secure the best, and right, people – DLO won’t initially be an organisation people recognise and therefore they may be concerned about leaving perceived safe employer to work for the DLO
There are perceived benefits of working for a client such as improved terms and conditions, pensions and the like	

4.4 Local Authority Trading Company (LATCO)



4.4.1 The LATCO model is similar to a DLO model with the exception that the delivery is provided by a separate trading company owned by the client.

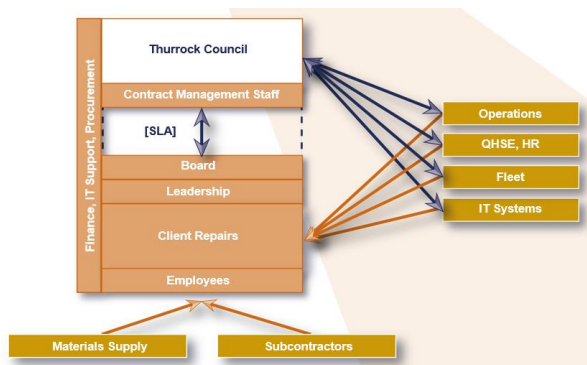
4.4.2 This allows services to be provided to other organisations for commercial benefit.

4.4.3 Some of the benefits and disadvantages of a LATCO are listed below:

Benefits	Disadvantages
Maximum level of control	Cost risk and uncertainty with the client
No reliance on main contractor, supply chain confident and experienced with model	Productivity risk and uncertainty with the client
Low exposure to counterparty risk given the external dependence on only support service providers, suppliers and subcontractors	Commercial risk and uncertainty with the client
All roles and responsibilities with LATCO	High opportunity cost due to the investment requirements to establish the LATCO

Benefits	Disadvantages
Simple model structure	Low flexibility of resourcing
Absolute cost transparency	High initial investment requirement
Central overhead and profit is a cost, but dividend is a return	High cost and competency required in providing support services
Low client-side costs for management of service	Absence of contractor’s evolving knowledge, experience and resources
No future procurement or mobilisation costs	Delivery, productivity and commercial risk sits with the LATCO
No future TUPE	LATCO is a Contracting Authority and therefore subject to public contract regulations for procurement of supply chain
Clear brand identity with customers	Ability to recruit and secure the best, and right, people – LATCO won’t initially be an organisation people recognise and therefore they may be concerned about leaving perceived safe employer to work for the LATCO
External growth potential founded on quality and ethical delivery proposition (subject to the Teckal limit, whereby a maximum of 20% of the turnover can come from external parties)	
There are perceived benefits of working for a client such as improved terms and conditions, pensions and the like	
Full resource and recruitment control	
Dividend is potentially a return to the General Fund for reinvestment in services	

4.5 Managed Service



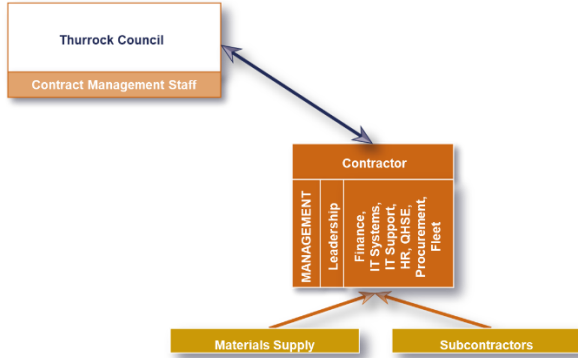
4.5.1 The managed service model involves the client delivering the majority of the services themselves, similarly to a DLO, but with the support of an external contractor.

4.5.2 The client will often utilise the contractor’s supply chain, IT systems, operational knowledge and support services (HR, health and safety etc.) with the aim of improving efficiency and effectiveness.

4.5.3 Some of the benefits and disadvantages of a managed service are listed below:

Benefits	Disadvantages
Moderate level of control	Cost risk and uncertainty could sit with either party depending on the structure
Increasing market confidence and experience with the model	Productivity risk and uncertainty could sit with either party depending on the structure
Reduced exposure to counterparty risk given the external dependence only on the managed service provider, suppliers and subcontractors	Commercial risk and uncertainty could sit with either party depending on the structure
Higher cost transparency	Opportunity cost (executive time month on month vested in the management of the insourced service versus the benefit)
Lower client-side costs for management of service based on the decisions made in relation to roles and responsibilities	Lower flexibility of resourcing
Ability for the client to provide some support services and to leverage the market for others	Lack of clarity, and complexity around roles and responsibilities if not clearly defined at the outset
Ability to leverage specialist operational knowledge, experience and resources	Moderate initial investment requirement
No future TUPE	More complex model structure
Delivery and productivity risk sits mainly with the contractor	Specialist central overhead and profit is a cost
Although entity is a Contracting Authority, specialist typically provides supply chain therefore no requirement for procurements under public contract regulations	High cost and competency required in providing support services
Brand identity with customers	Will require procurement and mobilisation in the future
Some external growth potential founded on quality and ethical delivery proposition (subject to the Teckal limit, whereby a maximum of 20% of the turnover can come from external parties)	Commercial risk sits mainly with the client
There are perceived benefits of working for a client such as improved terms and conditions, pensions and the like	Ability to recruit and secure the best, and right, people – managed service won't initially be an organisation people recognise and therefore they may be concerned about leaving perceived safe employer to work for the managed service
Majority resource and recruitment control	

4.6 Wholly Owned Subsidiary (WOS)



4.6.1 In the WOS model, the client employs the labour through a subsidiary company, but that labour is provided to the contractor to deliver the service.

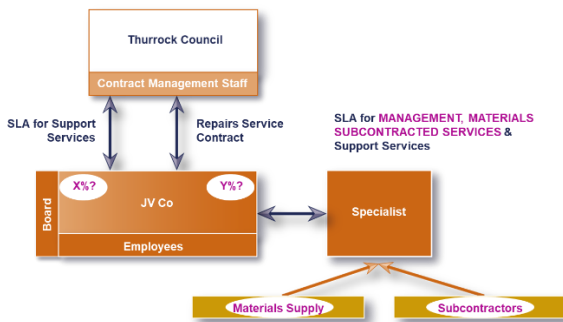
4.6.2 All other elements of delivery are provided by the contractor as in an outsourced model.

4.6.3 Some of the benefits and disadvantages of a WOS are listed below:

Benefits	Disadvantages
Increasing market confidence and experience with the model	A lesser level of control
Operational resources: management, supervision and operatives are employed by the WOS	Moderate to high exposure to counterparty risk given the external dependence on the contractor providing management services and supply chain
Cost risk and uncertainty shared between client and contractor	Lower flexibility of resourcing
Productivity risk and uncertainty shared between client and contractor	More complex model structure
Commercial risk and uncertainty shared between client and contractor	Lesser cost transparency, particularly in relation to materials and subcontractor costs
Lower opportunity cost given the ability to rely on the contracting partner in relation to the day-to-day leadership and management of the services and the employees delivering it	Specialist central overhead and profit is a cost
Clear operational roles and responsibilities between the client and supporting contractor	Increased client-side costs for management of service
Lower initial investment requirement	Will require procurement and mobilisation in the future
Contractor fully responsible for operational delivery and support services	No opportunity for external growth
Ability to leverage specialist operational knowledge, experience and resources	Ability to recruit and secure the best, and right, people – WOS won't initially be an organisation people recognise and therefore they may be concerned about leaving perceived safe employer to work for the WOS
Opportunity for no future TUPE	

Benefits	Disadvantages
Delivery, productivity and commercial risk sits mainly with the contractor	
Although entity is a Contracting Authority, specialist typically provides supply chain therefore no requirement for procurements under public contract regulations	
Brand identity with customers	
There are perceived benefits of working for a client such as improved terms and conditions, pensions and the like	
Majority resource and recruitment control	

4.7 Joint Venture (JV)



4.7.1 In the JV model the client sets up a company (or LLP) which is jointly owned with a procured contractor.

4.7.2 The aim of having a contracting partner is to utilise their leadership, supply chain and skills to improve efficiency in delivery, and to share risk.

4.7.3 Some of the benefits and disadvantages of a JV are listed below:

Benefits	Disadvantages
Moderate level of control	Lower market confidence and experience with the model
Operational resources: management, supervision and operatives are employed by the JV	Moderate to high exposure to counterparty risk given the external dependence on the contractor providing management services and supply chain
Cost risk and uncertainty shared between client and contractor	Executive time requirements in addressing the role of the member/shareholder in the JV structure
Productivity risk and uncertainty shared between client and contractor	Lower flexibility of resourcing
Commercial risk and uncertainty shared between client and contractor	Lack of clarity, and complexity around roles and responsibilities if not clearly defined at the outset

Benefits	Disadvantages
Lower operational opportunity cost given the ability to rely on the contracting partner in relation to the day-to-day leadership and management of the services and the employees delivering it	High initial investment requirement
Higher cost transparency	Complex model structure
Specialist central overhead and profit is a cost, but dividend is a return	High cost and competency required in providing support services
Lower client-side costs for management of service based on the decisions made in relation to roles and responsibilities	Will require procurement and mobilisation in the future
Ability for the client to provide some support services and to leverage the market for others	Commercial risk sits mainly with the client (dependent on ownership split)
Ability to leverage specialist operational knowledge, experience and resources	Ability to recruit and secure the best, and right, people – JV won't initially be an organisation people recognise and therefore they may be concerned about leaving perceived safe employer to work for the JV
Opportunity for no future TUPE	Potential transfer pricing risk
Delivery and productivity risk sits mainly with the contractor	
Although entity is a Contracting Authority, specialist typically provides supply chain therefore no requirement for procurements under public contract regulations	
Brand identity with customers	
External growth potential founded on quality and ethical delivery proposition (subject to the Teckal limit, whereby a maximum of 20% of the turnover can come from external parties)	
There are perceived benefits of working for a client such as improved terms and conditions, pensions and the like	
Partial resource and recruitment control	

5 Understanding Thurrock

5.1 Introduction

- 5.1.1 In this section we work to understand Thurrock, primarily through an extensive engagement process with internal stakeholders and customers. In this section we understand what we need to consider in order to make the appraisal specific to Thurrock.
- 5.1.2 Sessions have been held to collect feedback from various stakeholder groups. The feedback is intended to enable learning to be taken from the existing service to ensure that this can be reflected in the future operating model and that the new service reflects not only continuation, but ultimately, improvement.

5.2 Macro-Economic Influences

- 5.2.1 The market is challenged with macro-economic pressures that include high inflationary cost increases, combined with labour and skills shortages. Added to this, the regulatory environment appears to continue to heighten its requirements and expectations on Thurrock as a landlord.
- 5.2.2 Requirements to manage fire, electrical and damp and mould risk, complaints handling and service standards, all in relation to an already aging stock, impose additional pressures that impact on skill, people capacity and investment requirements.
- 5.2.3 On considering the right delivery model for Thurrock, we built these considerations into the evaluation process in Section seven of this report.

5.3 Internal Stakeholder Workshop

- 5.3.1 On 14th December 2022 a workshop was held at the civic centre with members of the Thurrock team. The purpose was to understand the requirements of Thurrock to enable Lumensol to make recommendations in relation to the delivery model for the repairs and maintenance service and other key areas for consideration.

Strategic and Organisational Context

- 5.3.2 We learnt that the strategic context which needs to be considered is as follows:
- Operational delivery is to be carbon neutral by 2030
 - Thurrock are under government intervention which will result in commercial pressures for the foreseeable future
 - Thurrock want to be a small organisation going forward and are entering a period of change
 - There is a requirement for resident verification of repairs quality.
- 5.3.3 We learnt that the organisational context which needs to be considered is as follows:
- Due to government intervention, there is a reduced appetite for risk and a reduced capacity to invest
 - The current situation may result in an increased capacity to deal with change.

Objectives to be delivered through the delivery of the future service

5.3.4 The objectives identified through engagement are:

- a) Residents should have a smooth experience and it should be easy for them to report repairs without being passed from one contractor to another
- b) Contribution to the council objective to be carbon neutral by 2030 through reducing carbon in the delivery of services, and exploring the potential for delivering retrofit works under the contract in the future
- c) Retain the benefits realised under the current contracts whereby residents are expected to have a low appetite for change in the way they receive repairs services
- d) Residents like that a lot of the operatives currently delivering the work are local and they would like to maintain this going forward
- e) If the contract is to be outsourced, they would still like to have a high level of self-delivery and prefer not for a large volume of the works to be subcontracted
- f) There is a low appetite for change within the resident population
- g) A local supply chain is preferential, even if this is a local branch of a national provider
- h) Retain as much of the value of the contract to stay in the local economy as possible
- i) Delivery of the service working towards the digital by design principle
- j) Enhancement of Thurrock's existing suite of repairs reports
- k) Ability to share documents between the contractor and Thurrock such as certification, photographs etc.
- l) Control, and hopefully reduced costs.

Impacts from any change to the delivery model

5.3.5 We learnt that the impacts from any change of delivery model need to be carefully considered in the options appraisal. Particular consideration needs to be given to:

- a) The current service standards realised for residents, and a low appetite for change
- b) Thurrock's requirement to become a smaller organisation
- c) The time and financial resources required to set up any form of direct delivery or hybrid model
- d) Thurrock are currently using an outsourced contract model and are familiar with it.

Scope of the contract (which workstreams will be delivered under the model)

5.3.6 The following workstreams were agreed to be core services under the new contract:

- a) Repairs
- b) Voids: including major voids which are currently managed through a separate contract
- c) Responsive asbestos removal (i.e. arising from repairs, and not to replace the existing asbestos contract for testing and management)
- d) Provision of a contact centre facility.

5.3.7 The following workstreams may be included as core services as they lend themselves to delivery in line with the repairs service:

- a) Electrical testing
- b) FRA remedial works
- c) Data led preventative maintenance.

5.3.8 The following may be included in the service as additional workstreams throughout the contract term, subject to performance of existing workstreams and business case review:

- a) Estate maintenance and management functions
- b) External redecorations
- c) Planned works e.g. kitchens, bathrooms, windows, doors, rewires and roof replacements
- d) Retrofit fabric, thermal and heating works.

5.3.9 The following workstreams will not be included in the service:

- a) Gas servicing, repair and replacement.

5.4 Focus Sessions

5.4.1 Sessions were held with the following groups to collect more in-depth detail in relation to the design of the existing service to establish what has worked well, and which areas require improvement:

- a) Thurrock Tenancy Management and Repairs and Compliance
- b) The current provider’s senior management team

5.4.2 Within each session, the participants were asked the same questions as set out in the table below including key feedback on each. The feedback from these sessions will be used to inform the specification of the service going forward, and further engagement will be carried out to ensure all feedback is addressed:

Question	Key Feedback
<p>What do you think has been the biggest success from the way the existing contract (and service) has been designed, structured, resourced and scoped?</p>	<ul style="list-style-type: none"> • Even though the existing service is provided by a national contractor, Thurrock feels like the team employed on its contract is a local one • Social value works well • There is an ability to work together to solve any issues • Additional works have been included in the scope over the term which has worked well in terms of improved delivery to residents and ease of management for Thurrock • The trade school provided under the existing arrangement is seen as a positive • KPI performance is generally good

Question	Key Feedback
<p>What do you think has been the biggest failure from the way the existing contract (and service) has been designed, structured, resourced and scoped?</p>	<ul style="list-style-type: none"> • There is sometimes an over-reliance on multi-trade operatives which leads to jobs not being completed • There appears to be a high use of sub-contractors which may be impacting first time fix rates • Administration of the additional workstreams has been a challenge • There is potentially a missed opportunity in relation to temporary accommodation as these are currently managed under a separate process to standard voids which may be leading to inefficiencies • There are too many exclusions to the price per property commercial model • Because of the length of the contract, Thurrock are unsure whether they are getting the best available i.e. the newest technology or innovations
<p>What about the biggest frustration - not necessarily a failure, but maybe an annoying workaround, unnecessary resource drain etc.?</p>	<ul style="list-style-type: none"> • There are a high level of variations which cause delays • Whilst the contact centre being provided by the existing service provider is seen as generally a positive thing, there is a concern about how easy it is to monitor performance • There is little consistency in relation to the quantity and type of planned works provided under the existing arrangement which often leads to resourcing issues • The first time fix KPI is not defined clearly enough which results in repairs being classified as a first time fix when in the residents opinion this is not the case

Question	Key Feedback
<p>Is there anything different on this contract that you think works particularly well or not?</p>	<ul style="list-style-type: none"> • The current scope of the contract is felt to be quite narrow and including more workstreams may bring benefits such as: <ul style="list-style-type: none"> • Increased throughput for the contractor thus making the contract more attractive • The ability to utilise visits for multiple purposes • The voids standard is in need of review as it is felt not to be reflective of what works other organisations are completing i.e. Thurrock are delivering a lower standard of voids when compared to others • Having the service provider also provide the contact centre works well as it reduces the input required by Thurrock and allows the service provider to have full control over diagnosis and delivery • Social value is highly regarded based on the types being delivered such as the trade school and encouragement of local labour • The data analytics in place within Thurrock are sector leading • There is a lack of data integration with other contractors which can sometimes cause issues in understanding where planned works are going to be completed etc. • The localism of the operatives and management team is seen as a huge positive, reinvesting Thurrock's money locally and giving comfort to residents that their needs are being understood by local people
<p>How would you rate communication?</p>	<ul style="list-style-type: none"> • Good at management level • Whilst communication with the quality assurance team is good, other service areas are not in such regular contact which can lead to issues
<p>How would you rate IT?</p>	<ul style="list-style-type: none"> • The interface between the service provider's system and Northgate needs development as some events are not currently interfaced which requires the Thurrock team to contact the service provider to get the status of a repair • Thurrock does not have access to the service provider's system which is seen as a negative but this could be resolved if the interface was more thorough • There is admittance that it may be Northgate which holds back the IT functionality more than the service provider's system
<p>How would you rate the relationship?</p>	<ul style="list-style-type: none"> • Good, whilst there are sometimes minor issues these are resolved as quickly as possible

Question	Key Feedback
Do you think the outside perception of the service is accurate compared to those who are involved closely?	<ul style="list-style-type: none"> • The wider view is that there is too much focus on the finances as opposed to getting the job done • There aren't a lot of complaints from residents or councillors and customer satisfaction performance is quite high • There may be a mis-match based on social media comments, but generally it's felt to be ok
What would you change going forward?	<ul style="list-style-type: none"> • Improving clarity on the target completion timescales for repairs would help manage resident expectations • A longer contract going forward would be beneficial to enable longevity of the relationship and to encourage investment from the contractor • Further scope for additional or other workstreams based on performance with the aim of rewarding good performance • Whilst there is good social value on the contract, some of this could add more value than it does Thurrock need to be clear on the social value requirements in the future and what genuinely adds value • Thurrock are seen to lead on the data analysis and it's felt that the service provider could drive more of this

5.4.3 The following additional points were made by the participants:

- a) Thoughts on whether the caretaking service should be included in any contract going forward are mixed. It may also lead to confusion in relation to delivery of repairs as these are true caretakers carrying out works such as cleaning, changing lamps and the like
- b) It is felt that a handyman service would be beneficial for some areas carrying out tenant responsibility works for residents who are less able, such as hanging curtain rails, decorating etc.

5.5 Resident Workshop

5.5.1 In January 2023 an initial workshop was held with the Tenants' Excellence Panel (TEP), with a further session in March 2023 for other resident groups, to gather their feedback on the existing service and advise them of the process that is being undertaken. There was good attendance and a high level of participation. Unfortunately, nobody from a General Needs property was able to attend.

5.5.2 The following feedback was collected:

- a) There was a strong advocacy for provisions for vulnerable people to be maintained:
 - i) There are a lot of sheltered schemes with residents that are 80/90yrs old plus
 - ii) The suggestion of a handyman for these schemes was made. There used to be a handyman but the person left and wasn't replaced. The group felt that it would give the assurance to the tenants of sheltered schemes to see the same person consistently
 - iii) Within the new service we need to ensure flags are kept in IT system, notifying of vulnerability and the like, to ensure faster response times and provide an enhanced level of repairs.

- b) The attendees really like that local operatives and subcontractors are being used and want this to be maintained under any new service:
 - i) They would like this to be extended to the supply chain as well if possible, i.e. local branches of the national chains.
- c) The attendees would like the ability to upload images of repairs at the time of reporting in an attempt to improve diagnostics:
 - i) Thurrock does have some blackspots in relation to wi-fi / signal which will need to be understood and mitigated within IT and operational solutions
 - ii) All services need to be accessible for all resident groups e.g. an understanding of the different channels required for reporting and monitoring of repairs
 - iii) Simplicity in relation to reporting repair is the key.
- d) Aaron services currently physically post gas certificates to the resident which works well. Attendees requested that this be adopted for other services, such as electrical certificates following tests
- e) In relation to IT in the future – roll-out of the below is imminent, which should be at least maintained, and improved on if possible:
 - i) Operative tracking
 - ii) Live chat with operatives
 - iii) Customer app
 - iv) The ability to upload images/videos.
- f) Currently residents have very good, advanced warning of arrival and details of the operative attending, and they would like to maintain this
- g) The existing resident app provided under the current service enables residents to book appointments up to a month in advance, which works well for working residents
- h) There is a direct line to the existing contact centre in the Tilbury hub which allows volunteers to assist vulnerable people to report repairs and speak on their behalf (once authorised by the resident) for both reporting of repairs and resolution of issues
- i) There is a need for consistency of service between the in-hours and out-of-hours delivery.

5.5.3 A further brief discussion was held in relation to the level of engagement with residents throughout the procurement process:

- a) An email survey is to be issued to all residents to collect feedback on the current service
- b) It was suggested that paper questionnaires should be placed in the hubs for those residents who do not want to complete the survey online.

5.5.4 It was also noted that attendees of TEP had previously undergone procurement training so it was suggested that a small group of residents remain engaged throughout the procurement process including, but not limited to:

- a) Input into the detailed scoping stages
- b) Reviewing of relevant tender documentation
- c) Scoring of tender returns
- d) Attendance at interview/dialogue sessions should they take place.

5.5.5 During creation of the tender documentation the feedback provided from residents will be reviewed to ensure, where possible, it has been addressed. Further engagement sessions will be held with the TEP for the purpose of providing updates to the group on how and where the feedback has been addressed.

6 Appraisal for Thurrock

- 6.1.1 Within this section of the report we consider the features of each model in respect of the relative benefits and disadvantages in light of Thurrock's service history, the market conditions, regulatory environment and Thurrock's position as an organisation. We score the models given the specific considerations for Thurrock, which gives a view on what the right model is for Thurrock, to manage risks and capitalise on the opportunities to deliver the objectives. This is all in the context of where Thurrock is as an organisation and as a Landlord in a fast changing housing sector and macro-economic climate.
- 6.1.2 Regarding Thurrock's strategic context the following factors have been highlighted as key areas for consideration:
- a) A strategic ambition for good homes in well-connected neighbourhoods
 - b) 10,000 council homes, including approximately 900 leasehold properties
 - c) An ageing stock, placing significant financial pressures on the HRA
 - d) New and emerging legislation around building safety and decent homes
 - e) White Paper: health, safety and engagement
 - f) A heightening zero carbon agenda to 2050.
- 6.1.3 Regarding Thurrock's organisation context the following factors have been highlighted as key areas for consideration:
- a) Low appetite for risk
 - b) Low capacity to invest
 - c) Low capacity to manage change.
- 6.1.4 In the following table, each of the models set out in the sections above have been scored against the strategic and operational contexts in an attempt to rank them in terms of suitability for Thurrock. A one to five scale has been used, where one represents our opinion of the least likely to achieve the required outcome and five represents the most likely to achieve the required outcome.

Strategic Context	Outsourced Contract	Dynamic procurement solutions	DLO	LATCO	Managed Service	WOS	JV
A strategic ambition for good homes in well-connected neighbourhoods Page 154	4 Whilst the provider has control over delivery, building a good relationship with the right incentives will encourage the provider to work towards delivering the strategy	2 A lack of direct relationship with any one provider will not assist in enabling delivery of the strategy	5 Self-delivery and full control gives Thurrock autonomy over delivery of the strategy	5 Self-delivery and full control gives Thurrock autonomy over delivery of the strategy	4 Majority control allows Thurrock almost full control over the delivery of the strategy	4 Majority control allows Thurrock almost full control over the delivery of the strategy	4 Majority control allows Thurrock almost full control over the delivery of the strategy
10,000 council homes, including approximately 900 leasehold properties	5 The stock size and profile is fairly typical and a large number of providers could deliver this	4 Commercial management of the level of orders generated across a stock of this size in the context of the works to be delivered would be significant	3 Significant set-up costs for a stock this size in the context of the works to be delivered	3 Significant set-up costs for a stock this size in the context of the works to be delivered	4 Set-up costs for a stock this size in the context of the works to be delivered	4 Set-up costs for a stock this size in the context of the works to be delivered	3 Significant set-up costs for a stock this size in the context of the works to be delivered

Strategic Context	Outsourced Contract	Dynamic procurement solutions	DLO	LATCO	Managed Service	WOS	JV
<p>An ageing stock, placing significant financial pressures on the HRA (cost pressure)</p> <p>Page 155</p>	<p>4 Low initial investment, but full procurement costs now and in the future. This is offset by the potential for long term contracts (as proposed)</p>	<p>3 Moderate initial investment, light procurement costs now and in the future but limited financial control on works pricing and overhead costs may create cost risks</p>	<p>3 Significant upfront investment costs but potentially offset by no profit or procurement costs going forward. Depending on investment and ability to attract the best people this may lead to productivity shortfalls</p>	<p>3 Significant upfront investment costs but potentially offset by no profit or procurement costs going forward. Depending on investment and ability to attract the best people this may lead to productivity shortfalls</p>	<p>3 Significant upfront investment costs, partially offset by reduced profit levels going forward. Depending on investment & ability to attract the best people this may lead to productivity shortfalls</p>	<p>2 Significant upfront investment costs, with potentially limited cost efficiency benefit in comparison to other models in this case</p>	<p>2 Significant upfront investment costs, with potentially limited cost efficiency benefit in comparison to other models in this case</p>
<p>New and emerging legislation around building safety and decent homes</p>	<p>5 External contractor able to bring best practice knowledge from the industry</p>	<p>3 Use of external contractors should bring best practice but each order is delivered as an individual piece of work and therefore there is potentially a lack of joined up approach</p>	<p>4 Reliance on Thurrock to understand and manage all requirements</p>	<p>4 Reliance on Thurrock to understand and manage all requirements</p>	<p>4 Supporting external contractor able to bring best practice knowledge from the industry, but their incentive to engage may be lower</p>	<p>5 Supporting external contractor able to bring best practice knowledge from the industry</p>	<p>5 Supporting external contractor able to bring best practice knowledge from the industry</p>

Strategic Context	Outsourced Contract	Dynamic procurement solutions	DLO	LATCO	Managed Service	WOS	JV
White Paper: health, safety and engagement Page 156	5 External contractor able to bring best practice knowledge from the industry	3 Use of external contractors should bring best practice but each order is delivered as an individual piece of work and therefore there is potentially a lack of joined up approach	4 Reliance on Thurrock to understand and manage all requirements	4 Reliance on Thurrock to understand and manage all requirements	5 Supporting external contractor able to bring best practice knowledge from the industry	5 Supporting external contractor able to bring best practice knowledge from the industry	5 Supporting external contractor able to bring best practice knowledge from the industry
A heightening zero carbon agenda to 2050	5 Assistance from the wider business of the external service provider could help in this area	3 Use of external contractors should bring best practice but each order is delivered as an individual piece of work and therefore there is potentially a lack of joined up approach or ability to influence	4 Additional resource would need to be found to deliver more specialist strategic planning and delivery of works	4 Additional resource would need to be found to deliver more specialist strategic planning and delivery of works. Access to funding may be more challenging	4 Assistance from the wider business of the supporting external service provider could help in this area, but their incentive to engage may be lower	5 Assistance from the wider business of the supporting external service provider could help in this area	5 Assistance from the wider business of the supporting external service provider could help in this area

Strategic Context	Outsourced Contract	Dynamic procurement solutions	DLO	LATCO	Managed Service	WOS	JV
Low appetite for risk	5 A greater level of risk sits with the service provider	3 Risk assessment is complex and may give limited assurance in a number of areas	3 A greater level of risk is with Thurrock, mitigated in part by a greater level of control	3 A greater level of risk is with Thurrock, mitigated in part by a greater level of control	4 Risk is shared but typically more risk still likely to sit with Thurrock than the Service Provider	4 Risk is shared but typically more with the supporting service provider	3 Risk is shared between Thurrock and the contractor, but typically more with Thurrock due to ownership split
Low capacity to invest	5 Minimal initial investment required	4 Moderate initial investment required	1 Very high initial investment required	1 Very high initial investment required	3 Moderate to high initial investment required	4 Moderate initial investment required	2 High initial investment required
Low capacity to manage change	5 Consistent with the existing delivery model	4 Change requirements more difficult to assess but likely to be moderate	2 Would represent a significant change from the existing model	2 Would represent a significant change from the existing model	3 A change from the existing model but maintaining the support from a contractor	3 A change from the existing model but maintaining the support from a contractor	2 Would represent a significant change from the existing model

Strategic Context	Outsourced Contract	Dynamic procurement solutions	DLO	LATCO	Managed Service	WOS	JV
Skills shortages and recruitment changes Page 158	4 Thurrock can rely, but will also be dependant, on contractor to address. Long term contract helps with ability for contractor to invest locally to address. Long term employment opportunities with large contracting partners	3 Thurrock can rely, but will also be dependant, on contractor to address. No direct opportunity for contractors to invest for Thurrock given order by order arrangement, albeit that the risk is spread across the available contractors	2 Thurrock can control choices and investment, but can only rely on itself to address the risk in a very competitive market. Thurrock's constrained capacity to manage and invest may create a significant risk in this area. Employees may be less likely to see the long-term employment opportunity.	2 Thurrock can control choices and investment, but can only rely on itself to address the risk in a very competitive market. Thurrock's constrained capacity to manage and invest may create a significant risk in this area. Employees may be less likely to see the long-term employment opportunity.	3 Thurrock can control choices and investment, and may be able to utilise the contractor to assist to address the risk in a very competitive market. The contractor may have some capacity to manage and invest. Employees may be less likely to see the long-term employment opportunity.	4 Thurrock can rely, but will also be dependant, on contractor to address. Long term contract helps with ability for contractor to invest locally to address. Long term employment opportunities with large contracting partners	4 Thurrock can rely, but can also influence contractor to address. Very long term contract potential is helpful with ability for contractor/JV to invest locally to address. Indirect, and reduced, long term employment opportunities with large contracting partners.
Total Score (max 45)	47	32	31	31	37	40	35

7 Recommendations

7.1.1 Following the various engagement sessions with the learning set out in Section five, and the appraisal set out in Section six, Lumensol make the recommendations as set out in this section in relation to delivery of the repairs and maintenance works going forward.

In Summary

7.1.2 Our analysis tells us that Thurrock should continue to outsource the service in part due to the significant financial investment (in the context of the scale of the stock) which would be required in setting up any form of insource or hybrid model (DLO, LATCO, Managed Service, WOS or JV). In combination the current macro-economic climate and our view of Thurrock's limited capacity to manage a more demanding insourced or hybrid model tell us that the required level of change to implement alternative models combined with the demands of operating them would present more of a risk than an opportunity for Thurrock. This also aligns with Thurrock's desire to be a small organisation.

7.1.3 The overwhelming feedback from the engagement is the desire for a local service and with minimal appetite for change. Through the procurement process, and ultimately the contract documents, Thurrock can encourage a local service through the use of local operatives and supply chain, thus maintaining this positive element of the existing service.

Delivery Model

7.1.4 Our analysis determines that an outsourced contract model with a single contract partner is the model best able to address Thurrock's strategic objectives and in the organisational context as set out in this report.

Scope

7.1.5 Our analysis tells us that the initial core scope of the contract should be limited to repairs and voids (both minor and major), including provision of the contact centre. This is to minimise the risk of mobilisation and the capacity requirements to manage change, but also in recognition of the need to align with the existing contract terms (i.e. end dates) for other additional services.

7.1.6 To realise potential synergies and efficiency opportunities in relation to the direct delivery potential of other services, particularly in the context of the provision of the contact centre, the following workstreams could be added to the contract as core services. This can also unlock further opportunities for Thurrock to become a smaller council through the consolidation of contract management requirements. We propose that this would be after an initial bedding in period and to align with existing expiration dates:

- a) Electrical testing
- b) External redecorations
- c) Planned works e.g. kitchens, bathrooms, windows, doors, rewires and roof replacements.

7.1.7 The added benefit of the above, additional and "guaranteed" growth, is an increase in attractiveness of the opportunity to bidders.

7.1.8 We propose that the following workstreams can remain as options to be added into the contract at a later date based on success in the initial contract term demonstrated through business case, performance and value for money testing. I.e. before investing in change and providing additional benefit to the contract partner, excellent service delivery performance and the realisation of Thurrock's objectives through the core services should be demonstrated. Additional, growth, services can include:

- a) FRA: remedial works
- b) Heating servicing, repair and replacement
- c) Retrofit fabric, thermal and heating works (particularly if the contract extends)
- d) Data led preventative maintenance
- e) Caretaking.

7.1.9 The opportunity to integrate the caretaking service requires special consideration. Its incorporation may be about first understanding exactly what the scope and specification of the service is, and what opportunities exist to improve outcomes for residents and for best use of the existing resource. There is potential for the scope of the caretaking service to be increased to cover items such as fire door inspections arising from increased regulatory requirements, and further benefits may be realised through supervision and health and safety management under the repairs and maintenance service, or an alternative delivery methodology. The need and benefits through consultation with unions and the timing of any change is also likely to be critical.

Service Specification, KPIs and Tender Evaluation

7.1.10 The feedback from the resident workshops and focus sessions should be used to inform the development of the service specifications, KPIs and incentives, and the evaluation model under the procurement. This will be, in part, addressed later in this project.

7.1.11 Thurrock may also want to consider the use of competitive dialogue within the procurement process as a means to develop solutions with bidders to address the needs and opportunities set out in this report.

Contract Type and Term

7.1.12 We believe that the use of a partnering (TPC or TAC1) form of contract will further Thurrock's existing culture of partnering. This can also assist with the extension and adaption of the service necessary to add and remove workstreams as recommended in the scope above.

7.1.13 In relation to the term of the contract, an initial term of ten years, with a break option after five years is felt to be the best option, followed by a provision for extension by up to 10 years (in parts or whole).

7.1.14 Given the uncertainty in the market currently, particularly in relation to costs and performance, a break option after five years can provide flexibility to Thurrock to change direction, whilst still providing an opportunity and incentive for bidding contractors to invest and recoup up-front investment. The milestone date at five years will also give Thurrock the opportunity and flexibility to review the contract and ensure it still represents best value.

7.1.15 We propose that the option to extend to a total term of up to 10 years will provide Thurrock the option and opportunity to realise material value through adding additional planned investment works. This is particularly relevant for heating retrofit, where over this term an opportunity may exist to leverage a successful partnership to enable a transition to alternative technologies and support the training and retention of a directly employed workforce with new skills.



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Thurrock Council

Partnership Model

Market Engagement Brief

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1 Market Engagement Overview

1.1 Introduction to the Brief

- 1.1.1 In 2023/24 Thurrock Council (**Thurrock**) plans to run a procurement exercise, comprised of two Lots, in accordance with the Public Contracts Regulations 2015 (as amended). Following the completion of the procurement exercise, Thurrock intends to appoint two new roles to enter into a Partnership Model (**Model**) for the provision of all property services to the Council and its tenants:
- a) A contractor (the **Delivery Partner**) to carry out and complete all works and services required to maintain Thurrock's housing stock and select corporate properties, including responsive repairs, void refurbishment works, disrepair, planned and capital, cyclical maintenance and all other compliance services (the **Works Programme**); and
 - b) A service provider (the **Management Partner**) to manage all aspects of Thurrock's housing service including the ordering of works and services in respect of the delivery of the Works Programme.
- 1.1.2 The procurement of the Delivery Partner and the Management Partner are anticipated to be carried out as Lots under a single procurement following the Competitive Dialogue procedure to ensure the Model operates as intended, with coherence and without duplication.
- 1.1.3 Thurrock aims to award the contracts to the successful Delivery Partner and Management Partner in September 2024, with the mobilisation of the Works Programme over a five-month period to a programme start date of 1st March 2025.
- 1.1.4 The core strategic objective of the Model will be to provide good quality services in the maintenance of the Thurrock housing stock and corporate property, in the most efficient and cost competitive manner, with full assurance of a duty of care provided by a suitably qualified and experienced contractor and service provider.

1.2 About the Market Engagement Exercise

- 1.2.1 In preparation for the procurement process, Thurrock wishes to run a market engagement exercise (the **Market Engagement**) to engage with providers in the marketplace that have delivered the role as a Management Partner and/or Delivery Partner across a similar range of services, at a similar or greater scale.
- 1.2.2 The purpose of this Market Engagement is to assist Thurrock and its advisers in confirming the ability of the market to meet Thurrock's requirements with evidentially skilled and experienced providers in line with the Model, and to ensure the Model is capable of generating sufficient interest to properly run a competitive tendering process. The Market Engagement is also intended to inform the structure of the procurement exercise and clarify key aspects of the proposed Model, including the roles and responsibilities of the Management Partner and the Delivery Partner.
- 1.2.3 Two Prior Information Notices were issued on 19th July 2023 via Lumensol's Merzell portal, with organisations now required to register their interest to partake in the Market Engagement process.

- 1.2.4 Your organisation has expressed an interest in participating in the Market Engagement and is invited to respond to this brief to confirm your intention to participate and request your call slot. Responses are to be sent via the messaging function within the Merzell portal no later than **12:00:00 hours on Tuesday 01st August 2023**. On confirming your intention to participate you will be invited to a Market Engagement call, over MS Teams, currently intended to be held **w/c 7th August 2023**.
- 1.2.5 This Market Engagement will be conducted in accordance with the Public Contracts Regulations 2015. Thurrock are keen for participants in this exercise (each a **Participant**) to assist in shaping the procurement to be successful and deliver value. For the avoidance of doubt, any response to this document will only be for the purpose of allowing Thurrock to shape the eventual procurement. Participants' responses will be received verbally, through calls held on MS Teams. Whilst written responses will not be requested, Participants can send relevant case-studies and other relevant corporate information but should not submit any generic marketing material.
- 1.2.6 Thurrock will not use any information given to them in this process in evaluating the Selection Questionnaire (SQ) or further tender submissions at any stage of the procurement process. No Participant may cross-refer to any statement or qualification made as part of their response to this Market Engagement without raising it explicitly as part of any subsequent SQ or tender submission for the contract.
- 1.2.7 Thurrock offer thanks to Participants who are able to commit the time and resource to assist them through this process.

1.3 Introduction to Thurrock

- 1.3.1 Thurrock are a local authority in the South-East of England, maintaining circa 10,000 homes that are a mixture of tenures including general needs, sheltered and extra-care housing, leasehold, shared ownership and key worker properties.
- 1.3.2 The strategic context within which Thurrock operates is as follows:
- Thurrock are under government intervention which will result in commercial pressures for the foreseeable future
 - Due to government intervention, there is a reduced appetite for risk and a reduced capacity to invest
 - Thurrock want to be a small organisation going forward and are entering a period of change
 - There is a requirement for resident verification of repairs quality
 - The level of Thurrock's borrowing needs to be reduced, inclusive of HRA borrowing
 - Thurrock must secure assurance through the outsourcing of activities, where providers are obliged to deliver compliance in respect of current and changing housing regulation and legislation.

1.4 Thurrock's Objectives

- 1.4.1 Thurrock are pursuing a range of objectives, many of which are intended to be realised through the procurements and the provision of the Works Programme.

- 1.4.2 Thurrock's intention to become a smaller organisation means increasing the level of outsourcing within the Model for the provision of its maintenance services. In this case Thurrock's employees would transfer to:
- a) The **Delivery Partner**: a contractor who will carry out and complete all works and services comprising the Works Programme under a bespoke form of term contract (the **Term Contract**); and
 - b) The **Management Partner**: a service provider appointed by Thurrock under a bespoke form of consultant appointment (the **Management Appointment**) who provides the functions of "Client" in respect of Thurrock's housing stock currently being undertaken by Thurrock (including, without limitation, managing the Delivery Partner's delivery of the Term Programme under the Term Contract).
- 1.4.3 In order to contribute to reducing Thurrock's borrowing needs within the scope of the Works Programme being procured:
- a) Efficiencies are intended to be generated through the development of a new model that results in savings realised both through the procurement and over the term of the contract
 - b) Investment is intended to be focused on maintaining the compliance and condition of existing homes
 - c) Preventative maintenance is intended to result in a reduction to repairs demand and cost (linking responsive costs to planned investment requirements)
 - d) Efficiencies and funding are intended to be realised in the improvement of homes, such as addressing Thurrock's net zero carbon objectives
 - e) Thurrock's corporate estate is intended to be leveraged to provide colocation of employees, realising property cost related savings through the procurement.
- 1.4.4 The intention is for the new Model to enable the improvement of the customer journey for tenants. Through the provision of the call centre and all works by a single Delivery Partner, all barriers to the benefits of technology and a single customer experience should be removed. Thurrock anticipate a greater use of technology for digital customer access to services.
- 1.4.5 Operational delivery is to be carbon neutral by 2030. This will mean investment and commitment from the supply chain, which is expected to centre on solutions for a carbon efficient fleet.

1.5 The Delivery Partner

- 1.5.1 The Delivery Partner is expected to be a contractor experienced in providing a full range of maintenance services that include repairs, void refurbishment, cyclical maintenance and compliance services, and planned refurbishment works that include kitchen, bathroom, heating, roof, window and door replacements.
- 1.5.2 The Delivery Partner and Thurrock will enter into the Term Contract (in the form of a TAC-1 Term Alliance Contract, as amended) under which the Delivery Partner will take responsibility for the delivery of the Works Programme in accordance with Thurrock's specified requirements.
- 1.5.3 It is possible that employees of maintenance contractors currently appointed by Thurrock, and some Thurrock staff, may be entitled to transfer their employment to the Delivery Partner, though this will be confirmed by Thurrock and its legal advisers during the procurement exercise.

1.6 The Management Partner

- 1.6.1 The Management Partner is expected to be an organisation experienced in providing outsourcing solutions for the provision of a "Client" function to manage Thurrock's housing service.
- 1.6.2 The Management Partner and Thurrock will enter into the Management Appointment with a comprehensive services schedule setting out the "Client" roles expected to be undertaken on Thurrock's behalf, and with an appropriate duty of care given the nature and complexity of the management services.
- 1.6.3 It is anticipated that the Management Partner will undertake the contractual obligations of Client on Thurrock's behalf in the Term Contract (though Thurrock will be formally named as Client in the Term Contract). It is also anticipated that the Management Partner will undertake the "Alliance Manager" role in the Term Contract (similar to the "employer's agent" role in the JCT contract suite) and will be responsible for issuing works/services orders, approving payments to the Delivery Partner, assessing extension of time requests, certifying completion of the works/services and chairing Core Group meetings.
- 1.6.4 The requirements however go beyond that of a typical consultancy organisation, whereby the service provision is expected to include the management of stock data, development of the capital programme and the production of both corporate reporting and performance reporting in respect of the Works Programme. Prospective bidders would need to be able to both demonstrate relevant capability and experience, but also be comfortable with the scope, nature and legal and commercial implications of the role.
- 1.6.5 It is anticipated that a number of Thurrock employees who currently undertake "Client" functions in respect of Thurrock's current suite of maintenance contracts will be entitled to transfer their employment to the Management Partner, where those "Client" duties previously carried out by those employees will now be carried out by the Management Partner. This is expected to include surveying, contract management, inspections and management of the complaints process. This will be confirmed by Thurrock and its legal advisers during the procurement process.

1.7 The Procurement Exercise

- 1.7.1 Thurrock will utilise the Competitive Dialogue Procedure for the procurement in accordance with the Public Contracts Regulations 2015.

1.7.2 Thurrock intend to work to the following indicative timetable (these dates are subject to change at Thurrock's discretion).

Activity	Date
Market Engagement	July – August 2023
Contract Notice	14 th December 2023
Selection Questionnaire (SQ)	14 th December 2023 – 25 th January 2024
Request for Core Proposals (RCP)	21 st February 2024 – 27 th March 2024
Competitive Dialogue Sessions	6 th May 2024 – 5 th June 2024
Request for Final Tenders (RFT)	2 nd July 2024 – 6 th August 2024
Award and Standstill	13 th September 2024 – 26 th September 2024
Mobilisation	October 2024 – February 2025
Maintenance Contract Start Date	01 st March 2025

1.8 Purpose of the Market Engagement

1.8.1 Thurrock are looking to engage with willing Participants in preparation for the new procurement exercise, specifically to answer a number of questions:

- a) Does the Model stand a good chance of success in addressing Thurrock's objectives; and/or are there opportunities to adapt the Model or the procurement process to achieve this?
- b) Are there any necessary changes to the allocation of roles and responsibilities to ensure the Model operates successfully and delivers on the objectives?
- c) What are the main opportunities and risks under the Model, and how can these be addressed through the specification and/or any amendments to the Model?
- d) Are Thurrock correct in their identification of efficiency savings opportunities through the Model, including the scale of the potential saving?
- e) What are Participants' views on the likely appetite, ability and experience of providers to bid for and take on the roles of the Management Partner and Delivery Partner under the Model?
- f) What are Participants' views in relation to solutions for compliance with the Building Safety Act and High Risk Buildings under the model (i.e "who does what")?
- g) What are Participants' views and proposals on how Thurrock's existing specialist works contracts that extend beyond the start date of the contracts are managed under the model?

1.8.2 The MS Teams calls with Participants during the market engagement will be for the purpose of seeking responses to the above questions.

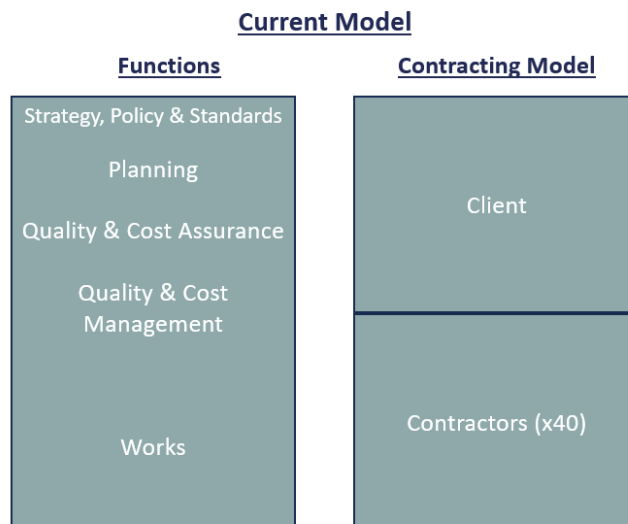
2 The Partnership Model

2.1 Current Maintenance Works Programme and the Model

- 2.1.1 The Works Programme is anticipated to comprise all the repairs, compliance and planned investment works and services to the Thurrock housing stock (and designated corporate properties).
- 2.1.2 In 2014, Thurrock entered into a contract with Mears to provide repairs and voids services, and the call centre. This contract comes to an end on 28th February 2025, aligning with the timetable for the new procurement exercise.
- 2.1.3 In 2021, Thurrock entered into a capital works contract with Wates. This contract ends in June 2024, but may be able to be extended to also align with the procurements.
- 2.1.4 At this stage, it is also anticipated that the provision of gas servicing, repair and replacement works will be aligned with the procurement to join the service on 1st March 2025.
- 2.1.5 Thurrock have circa 30 contracts in total, that are within the scope of the procurements, specifically relating to the works anticipated to be provided by the Delivery Partner (subject to some of those works not repeating in the future, for example in the case of one-off projects). Thurrock intend for these contracts to either be terminated to align with the procurement of the Delivery Partner, or for a solution to be found for how they are managed under the model where they extend beyond the start date of the contracts. This is relevant for a number of often small and specialist works contracts in particular.

2.2 Proposed Model

- 2.2.1 Thurrock’s existing delivery and contract models are traditional maintenance contracts, noting that the incumbent repairs and voids contractor also provides the call centre.
- 2.2.2 The current delivery model is demonstrated in the following diagram, for the purpose of then demonstrating why Thurrock intend for the new Model to be different:



2.3 Budgets for Works Programme

- 2.3.1 Thurrock estimate the following budget sums applicable to the Works Programme that are anticipated to fall in scope of the procurements:
- a) Responsive repairs, planned maintenance and compliance - £11.5m per annum
 - b) Major works including decarbonisation and fire safety - £13m per annum.
- 2.3.2 It is anticipated that the term for both contracts will be 20 years, comprised of an initial 10-year period (with a break option after 5 years), with two five-year extensions available.

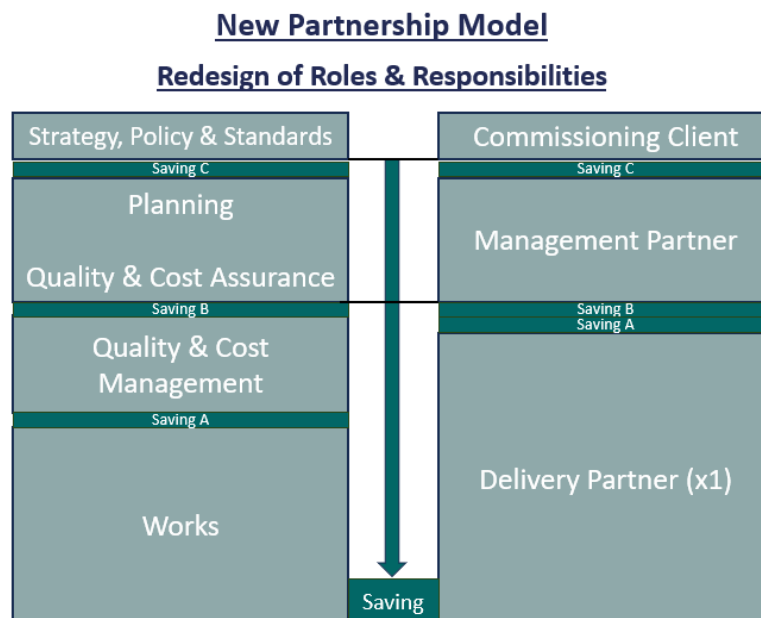
2.4 Transferring Employees

- 2.4.1 The current staff cost for those employees that are expected transfer to either the Management Partner or the Delivery Partner is c.£2.5m per annum.
- 2.4.2 At this stage, Thurrock are unable to fully define which of those roles will transfer to the Delivery Partner and which will transfer to the Management Partner.

2.5 Efficiency Savings

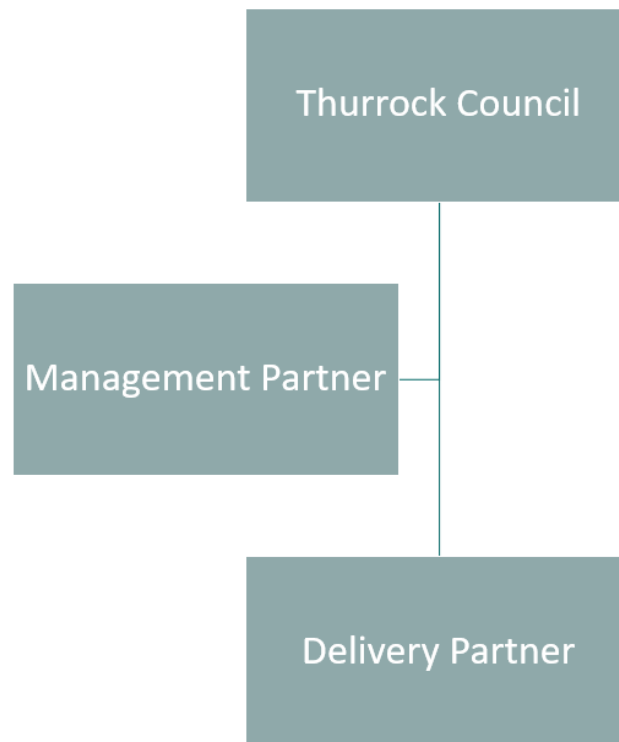
- 2.5.1 Thurrock are targeting efficiency savings as a product of the anticipated efficiency benefits of a new Model. These savings underpin the business case for outsourcing Model as set out in this document. The business case is underpinned by an anticipated saving of c.£1.7m.
- 2.5.2 Thurrock have identified opportunities to realise the efficiency potential of the Model that include the following, to be leveraged through redesign, designing from “the ground” up:
- a) How it instructs the Works Programme, and how that work is be delivered
 - b) How it requires quality and cost to be managed
 - c) Leveraging the capability, skills and experience of the Management Partner.
- 2.5.3 Thurrock anticipates the following efficiency led savings under the proposed Model:
- a) Integration savings within the Delivery Partner’s management and preliminaries, leveraged through moving to a single team to deliver the full Works Programme. It should be noted that this relies on **how the Works Programme is delivered**; whereby the Delivery Partner self-delivers a very large proportion of the Works Programme, and contracts directly with specialist subcontractors who themselves self-deliver the Works Programme that the Delivery Partner is not able to
 - b) Reductions in overhead and profit (scale and duplication). It is anticipated that central overhead charges to the Term Contract and profit requirements as a percentage can be lower, as a function of the scale of the Term Programme
 - c) Reductions in contract management costs, whereby the Management Partner would manage the Term Programme via one Term Contract with a single Delivery Partner (as opposed to Thurrock currently contracting through 30+ different contracts with 30+ different contractors).

- 2.5.4 Thurrock will require **quality and cost to be managed** principally by the Delivery Partner. Thurrock intends that this step can unlock savings through removing duplication between a traditional Client and contractor team. The Management Partner will be required to continue to provide quality and cost assurance through audit and control activities, principally on a sample basis.
- 2.5.5 Thurrock are to adopt the role of a commissioning Client within the new Model. Thurrock will retain a very small team, focusing on matters that include strategy, policy and setting service standards. The extent of Thurrock's ongoing involvement as "Client" will be set out in further detail in the procurement exercise. Day to day management and responsibility for the Works Programme will sit with the Management Partner, with Thurrock providing oversight, standards and policy, and necessary approvals.
- 2.5.6 The remainder of the Client function, with roles and responsibilities that include planning (such as developing the capital programme), data management, quality and cost assurance and contract managing the Term Contract will be the responsibility of the Management Partner.
- 2.5.7 Thurrock foresee that this step can unlock savings through procuring a Management Partner that can deliver the roles and responsibilities, previously delivered by itself, more efficiently. This relies on the **capability, skills and experience of a third-party Management Partner** to deliver that role more economically, leveraging the efficiency led savings opportunity.
- 2.5.8 The new Model is described in the following diagram, playing out how the Model is different and where savings a, b and c (as set out in 2.5.3) come from:



2.6 Contract Structure

2.6.1 The diagram below describes the proposed contractual structure under the new Model:



2.6.2 Under the proposed contractual structure:

- a) Thurrock would enter into the Term Contract with the Delivery Partner. The Management Partner is expected to undertake most of the contractual functions of "Client" on Thurrock's behalf. It is also anticipated that the Management Partner will become a party to the contract in the role of "Alliance Manager"
- b) Thurrock would also enter into the Management Appointment with the Management Partner, with a list of "Client" services that the Management Partner will be responsible for providing on Thurrock's behalf
- c) Roles, responsibilities and corresponding requirements and obligations would be set out in the Contract to align with the Model as redesigned
- d) Both the Term Contract and the Management Contract are intended to be for a term of up to 20 years, providing the opportunity for solutions and investment capable of enabling the achievement of Thurrock's objectives, whilst also safeguarding Thurrock's interests
- e) Safeguards are anticipated to include suitable break provisions and KPIs that have a link to termination provisions on the basis of poor performance in order to protect Thurrock's interests and suitably incentivise the sustained achievement of those objectives over time.

2.7 Roles and Responsibilities in More Operational Detail

- 2.7.1 The Model is intended to be purpose built to address the Thurrock's objectives by enabling solutions within the detail of how the maintenance service is operated. Those savings must be unlocked through how the Works Programme is resourced, quality and cost managed and assured, and a single Term Contract with the Delivery Partner is managed.
- 2.7.2 Thurrock are the landlord, and are anticipated to retain the legal role of Client dutyholder for the purposes of the Building Safety Act. Thurrock are also anticipated to be the Principal Accountable Person in respect of any Higher-Risk Buildings included in the Works Programme, though this will be clarified by Thurrock and their legal advisers during the procurement. Retained duties will include (but not be limited to) statutory reporting and to cabinet, policy and setting service standards.
- 2.7.3 It is anticipated that the vast majority of "Client" roles and responsibilities in the provision of Thurrock's services will transfer to the Management Partner, leaving a very small team at Thurrock that adopts the role of a commissioning Client. This is expected to be limited to two key posts, aligning with Thurrock's objective to become a small Client.
- 2.7.4 Thurrock intend for the Management Partner to order and manage the Term Contract with the Delivery Partner on their behalf.
- 2.7.5 Thurrock intend for the Management Partner to develop the capital programme, cyclical works programmes and landlord compliance programmes to meet the requirements of legislation, improve condition and reduce the ongoing costs of maintenance, in partnership with the Delivery Partner. Legislative requirements include gas, fire, water, asbestos compliance, decent homes and HHSRS.
- 2.7.6 Thurrock intend to provide for flexibility for other services to be added into the Term Programme. This may include, for example, caretaking services.
- 2.7.7 Thurrock intend for the Delivery Partner to self-deliver as much work as possible, with KPIs in place to incentivise this. Thurrock anticipate self-delivery (i.e. by directly employed operatives) to be greater than 90% for repairs, voids, compliance and other cyclical works, all where continuity and relative consistency of volumes exist.
- 2.7.8 Thurrock intend for the Model to eliminate duplication of effort between the role of the Delivery Partner and the current role of Thurrock as a Client. Thurrock intend to build certain roles and responsibilities (e.g. approvals, quality inspections, investigating complaints etc) into the scope of the Works Programme carried out by the Delivery Partner; with the Management Partner providing assurance on a sample basis.
- 2.7.9 Thurrock intend for the Model to unlock the ability of the Delivery Partner to provide a single solution for the management of complex cases, mitigating risks that include complex repairs taking too long to diagnose, specify and complete, high volumes of complaints as a product of poor case management, and evolving disrepair cases.

- 2.7.10 Thurrock see the potential opportunity to realise savings in surveying and supervision through an integrated professional team. However, Thurrock see a greater risk through the de-skilling of the surveying team, a failure to recognise the differing skills sets between a surveyor and a supervisor, and a “slippery slope” toward a team with insufficient capacity, skill and competence. Thurrock will want to capitalise on the efficiency and service benefits of a single team, delivering a single process, with advanced technology solutions, with a single workforce and supply chain to deliver the Works Programme.
- 2.7.11 Thurrock recognise that the majority of capital works programmes are not self-delivered by current providers, and may not provide forward visibility, continuity and/or the scale necessary for efficient self-delivery. The expectation is for the service provision to, in essence, comprise both the procurement and management of subcontractors to the Delivery Partner, for the delivery of capital works programmes. Thurrock would expect that contracts with subcontractors will prescribe the self-delivery of the majority of the work, to minimise contracting layers and prevent unnecessary duplication of preliminaries, overheads and profit.
- 2.7.12 The long term nature of the Term Contract and the Management Appointment and the potential for evolving Council strategy, housing regulation and legislation is expected to mean that the arrangement will need to adapt over time. This will be catered for through a robust change control mechanism under the contracts. That same change control mechanism will also facilitate Thurrock’s ability to vary the service specifications, including roles and responsibilities, as necessary and over time in the evolution of the Model, in line with what is permissible under the Public Contracts Regulations 2015 and successor procurement legislation.

2.8 Employment and Colocation

- 2.8.1 It is anticipated that TUPE will apply under both procurements. Thurrock are in the process of creating an indicative split of personnel, based on the assignment of roles and responsibilities to each of the Management Partner and Delivery Partner. To preserve the transfer of employment and mitigate any assignment related risks Thurrock are exploring the opportunities to dictate a TUPE transfer under the contracts, subject to legal advice.
- 2.8.2 It is anticipated that the Model will unlock both the Management Partner’s and the Delivery Partner’s ability to invest in the skills and careers of the people who transfer, provide more jobs for local people, bringing new people into the industry whatever their age or experience. A primary objective is to self-deliver more, providing continuity of employment, the right terms and conditions of employment and better investment in training and development for more people.
- 2.8.3 It is anticipated that a hybrid working approach would be adopted, with a complimentary solution for colocation. It is anticipated that Thurrock’s offices can provide the opportunity for the colocation of employees of Thurrock, the Management Partner and the Delivery Partner. It is anticipated that this can generate savings for Thurrock, in line with its objective, passed back through contract prices. Previously the sum cost for property from the 30+ contractors is anticipated to have been greater in the absence of colocation.
- 2.8.4 It is anticipated that the Model may provide opportunities for joint employment of certain roles. The purpose would be to underpin the success of the Model by engendering a culture where organisations work together in partnership to deliver shared objectives. It is equally recognised that any joint employment opportunity would need to satisfy a requirement for clarity of roles, responsibilities and good governance.

2.9 IT, Data and the Customer Experience

- 2.9.1 It is anticipated that Thurrock would provide its housing management system, currently NEC Housing provided by Northgate, for use by the Management Partner and Delivery Partner in the provision of the services.
- 2.9.2 The Management Partner and Delivery Partner would be obligated to ensure that Northgate is fully integrated with the Delivery Partner's work management systems, and that data in Northgate is fully populated and kept up to date. This would include stock data, cost data, progress information and certification.
- 2.9.3 The intention is for the Delivery Partner to be fully empowered to improve the customer journey for tenants. Through the provision of the call centre and full Works Programme, all barriers to the benefits of technology and a single customer experience should be removed. Thurrock anticipate a greater use of technology for digital customer access to services.
- 2.9.4 In addition, Thurrock intend for its objective to realise savings in IT costs to be made possible by IT cost efficiencies realised by the Delivery Partner operating a single system across all works to be passed back to Thurrock through contract prices.
- 2.9.5 It will be important to understand the market's capability and experience in realising these objectives.

2.10 Net Zero Carbon

- 2.10.1 Thurrock intend that the Model extends well into the term of addressing the net zero carbon agenda. Thurrock wish to better understand what relevant opportunities exist to contribute to an objective to reduce the carbon impact from the services that will be core to the contracts.
- 2.10.2 Thurrock anticipate that through a single Delivery Partner, the ability to address its carbon reduction targets in operations can be accelerated. For example, removing duplication in mobile activities and introducing a carbon efficient fleet in what is a tight geographical area of operation, through a consistent approach across the Works Programme would be opportune. This is intended to generate a material contribution toward achieving Thurrock's objective for operational delivery to be carbon neutral by 2030.
- 2.10.3 Thurrock also wish to explore the opportunity to leverage the role and capabilities of both the Management Partner and Delivery Partner in accessing funding opportunities for retrofit works. This is as well as exploiting how the Management Partner and Delivery Partner can best work together, with clarity of roles and responsibilities, in delivering net zero carbon for the housing stock.

2.11 Price Model, Incentives and Intended Benefits: Delivery Partner

- 2.11.1 Thurrock intend for as much of the repairs, voids, compliance and other cyclical work as possible to be delivered under fixed prices. The intended benefit is to maximise cost certainty and minimise the effort and cost associated with managing approvals to complete out of scope work.

- 2.11.2 Thurrock intend to provide forward visibility of capital works budgets during the procurement of the Term Contract. Thurrock intend for the cost of the delivery of capital works, by subcontractors, as procured by the Delivery Partner, to be recovered on an actual cost basis. The Price Model would require the pricing of preliminaries, overheads and profit by the Delivery Partner, associated with the management of works delivered by subcontractors across the full capital programme, of an indicative scale and scope and as a percentage of the capital programme value.
- 2.11.3 Thurrock intend for the Delivery Partner to be incentivised to deliver as much work as possible within the budget envelope. This is intended to provide the opportunity for the Delivery Partner to reduce cost and risk in repairs and voids through reductions in demand. I.e. the lower the costs and higher the quality of the works, the more effective that work can be in reducing the ongoing volume of repairs.
- 2.11.4 Thurrock are considering allocating a proportion of the revenue and capital budget to be utilised by the Delivery Partner for preventative maintenance works. Business cases would be presented to the Management Partner, by the Delivery Partner, setting out the data and/or inspection led evidence to support that investment. This might include, for example:
- a) Proactive reduction of damp and mould to reduce related risk to tenants and associated future costs of treatment
 - b) Other proactive measures that reduce the volume and cost of repairs, such as gutter clearance
 - c) Element replacements arising from repairs that mitigate future repair costs to a failing element.
- 2.11.5 Thurrock anticipate that cost risk mitigation for the Delivery Partner in demand sensitive services, such as repairs and voids, will be limited only to the following in order for the Model to be effective in realising the objectives:
- a) A value cap in repairs, e.g. £1,500 per repair as valued on the Schedule of Rates
 - b) Schedule of Rates price for communal repairs, rechargeable to leaseholders
 - c) A price per void
 - d) A minimum level of capital investment
 - e) A minimum budget allocation to preventative maintenance, with spend being subject to approval by the Management Partner of business cases from the Delivery Partner.
- 2.11.6 For the avoidance of doubt Thurrock do not intend for the introduction of a volume adjustment model applicable to the Price Per Property to account for variations in repairs volumes. Thurrock wish to incentivise effective preventative maintenance and increases in repairs volumes can be linked to a poor repairs service, such as repeat repairs, duplicates and poor choices in materials specification.
- 2.11.7 What Thurrock do anticipate, is adopting a price model that complements the achievement of its financial objectives. This is anticipated to mean a price model whereby:
- a) Profit paid has a link to incentivised KPIs that measure the achievement of Thurrock's objectives
 - b) An open book cost model where future savings are shared, generated in partnership.

- 2.11.8 It is important to recognise that the Term Contract cannot survive if Thurrock's objectives are not realised. To provide for this, Thurrock anticipate both a link between KPI performance and termination provisions, and regular break provisions over the contract term (i.e. extensions of a five yearly basis).

3 In Conclusion

- 3.1.1 Thurrock are proposing a new Model that redesigns how it provides its maintenance services for the purpose of delivering its objectives. The new Model is underpinned by the assignment of roles and responsibilities, and operational / commercial terms and solutions that are intended to promote the realisation of a more efficient service.
- 3.1.2 The Model should not only be capable of realising cost savings. The anticipated efficiencies and opportunities are intended to improve the quality of services it provides and the level of investment in its homes, both of which make a positive difference to tenants.
- 3.1.3 Thurrock are conducting this market engagement to test the proposed Model, and whether it stands a good chance of success in addressing Thurrock's objectives; identifying any opportunities to adapt the Model or the procurement procedure to achieve this. This includes a need for feedback on the appetite, ability and experience of organisations to take on the roles of the Management Partner and Delivery Partner.
- 3.1.4 Thurrock look forward to engaging with Participants, and offer thanks in advance to those who are able to commit valuable time and resources to the process.



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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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DRAFT – Terms of Reference - Housing Working Group – Procurement of Three Core Contracts as part of the Partnership Delivery Model

Aim:

To create a collaborative responsive working group for members to consult, inform and oversee the procurement process of three new contracts, in line with the proposed Partnership Delivery Model.

Membership:

- 4 elected members (2 Conservatives, 1 Labour, 1 Independent)
- 1 representative from the Tenant Housing Representative

Chair:

The Chair will be elected by the membership of the Working Group at its first meeting. The appointment will last until the work of the Working Group is complete.

Duration:

The Working Group will be established with the expectation for the working group to complete its task by the end of December 2024. A statement will be presented to the Housing Overview and Scrutiny Committee on the 28 September 2023.

Meeting Schedule:

The Working Group will meet on a regular basis, in line with the key dates proposed in the below table.

Activities:

The working group will undertake all but not exclusively the following activities:

1. Act as a critical friend and collaborate in a constructive manner
2. Report on the outcome of soft market testing
3. Oversight of evaluation
4. Report back to Cabinet prior to key milestones, as per below timetable
5. Inform and appraise key documents

These meetings and activities can be held during the day.

Decision-Making:

The Working Group has no executive powers regarding the procurement process or proposed contractor selections. All recommendations will be referred directly to the Housing Overview and Scrutiny Committee.

Timeline:

The below table outlines the agreed milestones for procurement and mobilisation.

Phase	Start Date	Deadline	Notes
Document Drafting	1 st July 2023	29 th November 2023	
Soft Market Testing	August 2023	September 2023	
Working Group – 26 th September 2023 Soft – Market Engagement review: <ul style="list-style-type: none"> • review of sessions • example of models utilised by others 			
Working Group – 24 th October 2023 Leaseholder Review: <ul style="list-style-type: none"> • focus on letters prior to issue 			
Leaseholder Consultation Process (Stage 1)	1 st November 2023	6 th December 2023	
Working Group - 5 th December 2023 <ul style="list-style-type: none"> • Tender Pack document review 			
Cabinet	26 th November 2023		
Contract Notice	14 th December 2023	14 th December 2023	
Selection Questionnaire Period	14 th December 2023	25 th January 2024	An open invitation to market for responses. This will determine which bidders proceed to the next stage.
Working Group – 15 th February 2024 <ul style="list-style-type: none"> • Selection Questionnaire report review and Tender Pack document review 			
Request for Core Proposal Period	21 st February 2024	21 st February 2024	An opportunity for bidders to provide further detail on how services will be delivered for Thurrock. This will determine which bidders proceed to the next stage.
Working Group – 18 th April 2024 <ul style="list-style-type: none"> • Request for Core Proposal report review 			
Competitive Dialogue	6 th May 2024	5 th June 2024	An open conversation between Thurrock and potential bidders which is not scored. A chance to understand requirements in more detail.
Working Group – 25 th June 2024 <ul style="list-style-type: none"> • Request for Tender pack review 			
Request for Tender Period	2 nd July 2024	2 nd July 2024	Further detailed conversation with bidders, including pricing submissions to be scored. This will be combined with previous scores to provide the recommended provider.
Pre-Award	21 st August 2024	26 th August 2024	
<ul style="list-style-type: none"> • Working Group – 3rd September 			

• Request for Tender report review			
Award	5 th September 2024	12 th September 2024	
Leaseholder Consultation Process (Stage 2)	27 th September 2024	1 st November 2024	
Mobilisation	12 th November 2024	19 th November 2024	
Go Live	1 st March 2025		

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