

## **Report of the Strategic Director of Place to the meeting of Health and Social Care Overview and Scrutiny Committee to be held on 1 August 2019**

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### **Subject:**

**Procurement of Disabled Facilities Adaptation Framework**

### **Summary statement:**

**This is a report provided for information to advise members of the forthcoming procurement of a framework agreement with a value in excess of £2 million.**

**Bradford Council's Adaptation Team (Housing Service) within the Department of Place currently utilises a framework agreement for the delivery of major disabled adaptation works.**

**The current framework agreement has been in place since 1 April 2016 and is due to expire on 31 March 2020.**

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Steve Hartley  
Strategic Director, Place

### **Portfolio:**

**Regeneration, Housing, Planning & Transport**

Report Contact: Alison Garlick,  
Adaptations Manager  
Phone: (01274) 434512  
E-mail: [alison.garlick@bradford.gov.uk](mailto:alison.garlick@bradford.gov.uk)

### **Overview & Scrutiny Area:**

**Health and Social Care**

## **1. SUMMARY**

- 1.1. This is a report provided for information to advise members of the forthcoming procurement of a framework agreement with a value in excess of £2M.
- 1.2. Bradford Council's Adaptation Team (Housing Service) within the Department of Place currently utilises a framework agreement for the delivery of major disabled adaptation works.
- 1.3. The current framework has been in place since 1 April 2016 and is due to expire on 31 March 2020. Procurement of a replacement framework is required to ensure the delivery of adaptations and to comply with EU Procurement Legislation and Contract Standing Orders.

## **2. BACKGROUND**

- 2.1. The importance of decent homes that people can afford to live in is one of the six key objectives within the Council Plan. Addressing housing conditions and ensuring homes are suitable for the people that occupy them contributes not only to the housing objective within the Council Plan but also more widely as:-
  - Good quality housing attracts companies and workers - leading to an economically prosperous district
  - Children and young people are better able to benefit from education if they are well housed – leading to a district of excellence in learning
  - Good quality housing promotes community safety – leading to a safer place in which to live, work and play
  - High quality, affordable, warm homes promote health and wellbeing – leading to a healthy district
- 2.2. The principle strategy for health and wellbeing is the "Connecting people and place for better health and wellbeing - A Joint Health and Wellbeing Strategy for Bradford and Airedale, 2018-2023". The focus of the strategy is to create a sustainable health and care economy that supports people to be healthy, well and independent, subsequently summarised as ensuring people are happy, healthy and at home. The provision of major adaptations using Disabled Facilities Grants which enable disabled people, their families and carers to retain independence whilst remaining in their own homes clearly contributes to this vision.
- 2.3. Under the Housing Grants, Construction and Regeneration Act 1996 the Authority has a statutory duty to deliver Disabled Facilities Grants (DFG). The current maximum mandatory grant is £30,000.
- 2.4. Since 2015/16 government funding for DFGs has been incorporated into the Better Care Fund (BCF) but continues to be paid directly to the Council as an annual government grant for Disabled Facilities Grant (DFG). The DFG Grant is a fully audited allocation. Disabled Facilities Grants are funded through annual government funding.

- 2.5. Over recent years Bradford has received an increase in Disabled Facilities Grant funding, year on year. The same has been true for all local authorities. In 2018-19 the authority received an initial allocation of £4,195,774 and an additional in year allocation of £502,660 was received in December 2018 (total annual allocation of £4,698,434 for 2018-19). In 2019-20 an allocation of £4,527,491 was received.
- 2.6. Government guidance to the DFG legislation\* has identified that it is good practice for local authorities to provide an agency service to offer practical help with building works for vulnerable clients (whether home owners or tenants). The Council's Housing Service provides an in-house agency service to DFG applicants which completes the necessary paperwork for clients, organises the adaptation works and oversees the on-site contract management of the works. Housing Technical Officers co-ordinate and project manage this service but the delivery of construction works is procured.  
 (\* Home Adaptations for Disabled People: A Detailed Guide to Related Legislation, Guidance and Good Practice, 2013)
- 2.7. In the majority of cases applicants choose to use the in-house Agency service to organise and deliver the works for them (approximately 79%).
- 2.8. The service routinely surveys clients who chose to use the agency service to determine satisfaction with the service. Customer satisfaction levels are outlined in the table below:

|   | <b>2018-19</b> |
|---|----------------|
| Number of completed DFGs  | 315            |
| Number using the Agency service   | 249 (79%)      |
| Percentage of customers satisfied with the agency contractor overall                  | (56/76) 74%    |
| Percentage of customers satisfied with the quality of workmanship                     | (60/75) 80%    |
| Percentage of customers who would recommend the agency service                        | Not reported   |
| Percentage of clients who felt the adaptation was beneficial to their quality of life | (63/75) 84%    |

- 2.9. Bradford has an increasing older population. From 2011 to 2018, the number of people aged 65+ has grown by 14% and the number of people aged 85+ has grown by 7%. It is useful to compare the percentage increase with the rest of the population. From 2011 to 2018 the total population of Bradford District grew by 3%. (Office for National Statistics, Mid-year Population Estimates 2012-2019)

The most recent population projections published by the Office for National Statistics (ONS) in 2018 use 2016 population estimates as a basis for their calculations. These show that by 2022 the 65+ population will have grown by 11% and the 85+ population will have grown by 10%. By 2025 the 65+ population will have grown by 18% and the 85+ population will have grown by 17%. By 2030 the 65+ will have increased by 30% and the 85+ population will have grown by 27%.

The 2011 census asked people whether illness or disability limited their day to day activities 'a little' or 'a lot' or not at all. 26% of people aged 65+ said that they felt

that their day to day activities were limited 'a little' and 27% felt that their day to day activities were limited 'a lot'. This compares unfavourably with the general population, 9% said their activities were limited 'a little' and 8% said their activities were limited 'a lot'.

- 2.10. Bradford has continued to see a high level of demand for DFG in recent years. In 2017-18, Housing received an average of 44 new referrals per month. During 2018-19 the referral rate increased to an average of 48 new cases per month. For 2019-20 (to date) we are averaging 46 new cases per month, being referred to Housing from Occupational Therapy.
- 2.11. In the light of the continued high level of demand for major adaptations, limited staff resources, limited availability of public funds there remains pressure to ensure that we use those resources effectively. By retendering the Council can maximise opportunities to ensure quality and value for money. By competing on price and quality it is not just a means of saving on costs but the council seeks to maintain/raise quality standards.
- 2.12. Research shows that investing in major adaptations as a preventative measure improves outcomes for individuals and provides considerable efficiency savings, for example: Increased safety and reduced hospitalisation of elderly/disabled clients; reduced need for publicly-funded care home provision; reduced need for social care provision. In addition, there are substantial well-being benefits to clients through their being able to maintain their independence, confidence, autonomy, retained dignity and family/community relationships. This is in line with the Council's 'Home First' Strategic Approach.
- 2.13. "Prevention" is a guiding principle enshrined within the Care Act 2014 which aims to improve people's independence and wellbeing. The Care Act establishes a statutory duty on local authorities to provide or arrange services that help prevent people in their area developing needs for care and support or delay people deteriorating such that they would need on-going care and support.

### **3. REPORT ISSUES**

- 3.1. Bradford Council utilises a framework agreement for the delivery of disabled adaptation works the current framework agreement has been in place since 1 April 2016 and is due for renewal at the end of March 2020.
- 3.2. The framework is used to deliver disabled adaptations for those clients who have signed up to use the Agency Service. The role of the contractor is to carry out the construction works, as specified by the Council Officer.

Typical works include: removing baths and installing level access showers; constructing level access ramps; widening door openings; installing specialist equipment such as wash dry WCs, shower stretchers and high-lo baths; installation of specialist kitchen facilities; safe play areas and safety fencing. (The construction of extensions is not covered by this framework).

- 3.3. The Council has had a framework agreement for the delivery of adaptation works in place since 2004. Lessons learnt through the project management of the frameworks have been incorporated in progressive tenders.
- 3.4. The current framework (2016-2020) consists of six contractors with the top three scoring contractors (based on cost/quality scores) receiving the orders on a rotational basis. The three reserve contractors can then be called upon to fulfil the absence of one of the three main contractors in the event of an unforeseen circumstance. Every twelve months all six contractors are required to re-submit their pricing information so that the Council can re-evaluate and re-score the contractors. This means that the three top scoring contractors who receive the orders in each year, can change from year to year.
- 3.5. A framework of six contractors (where the top scoring three contractors receive the work orders for that year) enables the Council to manage the risk. This means that if one contractor goes into administration or other unforeseen circumstances arise, then the Council can quickly mobilise the other two contractors to pick up the cases and complete the adaptations. We have experience of this happening on a previous framework and we were able to put contingency measures in place with minimum disruption to clients and officer time (staff resources). There is also the provision in the framework to give orders to the fourth contractor on the framework should the volume of orders warrant it.
- 3.6. The advantage of requiring the contractors to re-submit their most competitive tender prices every twelve months ensures the Council achieves value for money.
- 3.7. The quality / price split for the evaluation of the current tender is 70% Price / 30% Quality, in order to achieve maximum value for money.
- 3.8. Other advantages of a framework arrangement of three contractors are as follows:
  - Creates a schedule of rates for each contractor. This speeds up the process significantly as there is no need to individually tender each job.
  - We are able to build up working relationships with contractors which has in the past enabled us to: trial new products to save money or make changes to systems/process to streamline delivery.
  - Contractors are required to liaise with lift and specialist equipment companies to co-ordinate their work with the installation of lifts and to order/arrange the installation of specialist equipment. The framework arrangement allows the contractors to build up links and relationships with these companies to improve efficiencies and the service to clients.
  - The framework arrangement provides us with the flexibility to respond to increased numbers of work orders, as the number of referrals for DFG has increased. There is also the provision in the framework to give orders to the fourth contractor on the framework should the volume of orders warrant it.
- 3.9. The Agency Service generates income for the Council to subsidise the revenue costs of delivering the service.
- 3.10. The length of the framework agreement is three years, with the option to extend for one year.

- 3.11. Based on the uptake of the agency service over the life of the current framework agreement (1 April 2016, to date), the total framework spend for all the contractors is £4.3 M.

With the increasing demand for DFG in recent years and based on the 2017-18 spend through the framework of £1.4M and 2018-19 spend of £1.43M, the new framework is estimated to be worth £1.5M per annum over a three year framework period (£4.5M over 3 years) not including the extension period.

This is subject to capital funding being available in subsequent years and the uptake of the agency service by users.

- 3.12. The proportion of clients choosing to use the agency service increased significantly in 2007 following a process improvement exercise. Pre-2007 the uptake was 38% of clients using the agency, the level of uptake increased and has remained at fairly static levels of approximately 80%.
- 3.13. The value of the framework is dependent on the number of clients choosing to use the agency service. It is written into the framework agreement documentation that the volume of orders to contractors is subject to funding being available and uptake of the service by clients. Work will be allocated to the three contractors on a strictly rotational basis and not on contract value.

#### **4. FINANCIAL & RESOURCE APPRAISAL**

- 4.1. This framework is to provide a framework of three contractors to carry out disabled facilities grant works on behalf of the Council for grant applicants who have chosen to use the Council's In-house Agency Service to organise the delivery of the works for them.

This arrangement significantly reduces the amount of time required to identify and procure a contractor on an individual case basis. This enables Housing to deliver the DFG programme in a more timely manner and reduces the risk of losing funding if we do not utilise the grant allocation in year.

The framework provides a schedule of rates for each of the contractors. This prevents the need to go out to individual tender so reducing processing times.

Improvements to the overall process and reductions in cost through smarter procurement have meant that the Council has been able to deal with more clients using the same budget but in a shorter time.

- 4.2. The staffing resources required to performance manage and oversee the contract delivery, as well as overseeing the day-to-day management of the works (ie. quality of works, compliance with deadlines etc) is already provided for within the Housing Service.
- 4.3. The volume of work allocated to contractors will depend on the number of disabled facilities grant referrals received from Occupational Therapy and the uptake of the

Agency Service by service users (the uptake of the Agency Service is typically 87% of completed cases).

- 4.4. Government funding for DFG is incorporated into the Better Care Fund (BCF). The Council received a total allocation of £4,698,434 for 2018-19. The Council has received an allocation of £4,527,491 for 2019-20. Over recent years the Council has also received notification of additional allocation in November each year on the condition that it is utilised in year for DFGs. In 2018-19 the additional funding was £502,660. It is quite likely that additional funding may be allocated later in 2019-20 to be used in year for DFG.

The current DFG budget for 2019-20 is £5,575,003, made up of 2019-20 allocation and the carry forward committed allocation from 2018-19. This may increase if additional government funding is received in year.

- 4.5. The DFG process can be lengthy as some adaptations are highly complex. Statute dictates once approved the grant applicant has 12 months to carry out the eligible works, so it is necessary to retain funding to honour that commitment.
- 4.6. The Council has also made corporate capital resources available in the corporate capital programme should the government grant be insufficient to meet the level of demand for DFGs.

## **5. RISK MANAGEMENT AND GOVERNANCE ISSUES**

- 5.1. The framework agreement has previously been tendered in the same way on three cycles so Officers have experience of managing this type of contract arrangement. There are six suppliers on the current and proposed framework with the top scoring three contractors (based on cost/quality scores) receiving the orders on a strict rotational basis. Every twelve months the six contractors are required to re-submit their cost information against the schedule of rates. The contractors receiving the works order can therefore change from year to year. If one of the contractors goes into administration then there are other contractors who can take on those work orders.
- 5.2. It is made clear in the agreement that the work orders are subject to the uptake of the service by clients and funding being available. So the Council does not guarantee any volumes of work via the framework, providing no financial commitment.
- 5.3. The risk of the contractor not delivering a satisfactory level of service/non-conformance: Contractors will be managed by Officers in the Housing Service to ensure that any issues are dealt with. There will be a suspension and deletion process incorporated into the framework to assist in managing the contractors.
- 5.4. Governance has been implemented both for the management of the framework within the Housing Service (Department of Place) and in relation to contractor management aligned with contractors by the Consultant and Construction Review Group.

## **6. LEGAL APPRAISAL**

- 6.1. Disabled Facilities Grants are given by the Council under Part I of the Housing Grants, Construction and Regeneration Act 1996. If an individual or someone living in an individual's property is disabled they may qualify for a disabled facilities grant towards the cost of providing adaptations and facilities to enable the disabled person to continue living there.
- 6.2. As stated in the report "Prevention" is a guiding principle enshrined within the Care Act 2014 which aims to improve people's independence and wellbeing. The Care Act establishes a statutory duty on local authorities to provide or arrange services that help prevent people in their area developing needs for care and support or delay people deteriorating such that they would need on-going care and support.
- 6.3. The establishment of a framework agreement of this value requires compliance with EU procurement legislation, in the form of the Public Contracts Regulations 2015. Regulation 33 sets out the process for setting up a framework agreement, and this and all relevant regulations will be adhered to. Failure to comply could lead to legal challenge incurring costs, delays and reputational damage to the Council.
- 6.4. Correct framework establishment helps to reduce the risks undertaken in placing call-offs under the framework, which will still be subject to the legislation but will benefit from the demonstration of a robust rotation process. Framework agreements are a routine procurement method.

## **7. OTHER IMPLICATIONS**

### **7.1 EQUALITY & DIVERSITY**

- 7.1.1. This report relates to the procurement process rather than the individuals who will benefit from the works carried out. Equalities have been considered and the conclusion is that it has no impact to protected characteristic groups.
- 7.1.2. The improvement of housing conditions in the District for people with disabilities will have a positive impact on those groups and individuals who suffer multiple disadvantages associated with their housing conditions.

## **7.2 SUSTAINABILITY IMPLICATIONS**

- 7.2.1. The Council's work to install major adaptations in the homes of people with disabilities supports the objective of making use of existing resources to provide housing wherever possible rather than using new materials to construct new housing. Significant CO<sub>2</sub> emissions occur through construction which may be avoided or minimised by adapting existing housing stock.
- 7.2.2. We expect contractors to design their services to be as efficient and cost effective as possible, such as effective travel management, practical use of office/base accommodation and recycling of waste.

## **7.3 GREENHOUSE GAS EMISSIONS IMPACTS**

- 7.3.1. Significant CO<sub>2</sub> emissions occur through construction which may be avoided or minimised by adapting existing housing stock.

## **7.4 COMMUNITY SAFETY IMPLICATIONS**

- 7.4.1. The provision of major adaptations can increase the independence of people with disabilities and significantly improve their quality of life so making them feel more secure in their communities.

## **7.5 HUMAN RIGHTS ACT**

- 7.5.1. No direct implications under the Human Rights Act 1998 have been identified.

It is noted that The Human Rights Act 1998 makes it unlawful for any public body to act in a way that is incompatible with an individual's human rights. Where an individual's human rights are endangered, Local Authorities have a duty to balance those rights with the wider public interest and act lawfully and proportionately. For this report, the most relevant right, to be considered, from the 16 covered in the Human Rights Act (1998) are:

*"the right to respect for private and family life"*

*"the right to peaceful enjoyment of your property"* (if this were interpreted broadly as enjoyment of one's home).

*"the right to freedom from inhuman and degrading treatment"*

*"the right not to be discriminated against in respect of these rights and freedoms".*

## **7.6 TRADE UNION**

None.

## **7.7 WARD IMPLICATIONS**

None.

## **7.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)**

Not applicable

## **7.9 IMPLICATIONS FOR CORPORATE PARENTING**

The Council has a statutory duty to provide major adaptations for any eligible person assessed as requiring access to essential facilities. Major adaptations are often provided for disabled children and this could include children for whom the authority has a corporate parenting responsibility. All applications are dealt with in line with the legislation and are given the option to use the agency service to deliver the works, as appropriate.

## **7.10 ISSUES ARISING FROM PRIVACY IMPACT ASSESSMENT**

The Housing Service routinely completes Privacy Impact Assessments in line with legislation where there is a change in policy and/or practice. Any issues identified through those assessments are then addressed.

## **8. NOT FOR PUBLICATION DOCUMENTS**

None.

## **9. OPTIONS**

### **9.1. *Option 1 – Framework***

The framework arrangement requires disabled facilities grant adaptation works to be carried out in occupied domestic premises, having experienced staff who understand the clients needs and have experience of the works/specialist equipment means that we can provide a quality service to vulnerable clients and reduces risks to individuals and the Council

Advantages:

- Time to appoint for each individual project is reduced once the framework is established.
- Procuring using the framework of three contractors will allow Housing to tailor its requirements to meet its specific needs such as: deadlines for commencing and completing works
- Requirement to resubmit prices for schedule of work on annual basis enables competitive pricing for works
- No volume of usage guarantee
- In the past we have had contractors who have gone into administration and the framework mitigates this risk
- The framework provides a known supply base. As the supply base is smaller it can be performance managed more effectively.

- The framework offers best value for money, ensures options of contractors, timely delivery of works and safeguards clients

Disadvantages:

- Closed market doesn't allow new contractors to join
- Officer time required to procure the framework

## 9.2. **Option 2 - Batch Tenders** (Group together small batches of individual jobs)

Advantages:

- Open market allows new entrants as potential suppliers.

Disadvantages:

- Batch tenders were used a number of years ago however this means waiting for cases to come through the system to make up batches and allowing time for contractors to submit their tender price.
- Previous experience was that cases were delivered consecutively rather than concurrently.
- Due to the volume of cases currently coming through the system this would take considerable officer time to administer. (Time required to tender, evaluate and engage the contractor for each individual project)
- Larger supply base which is more difficult to performance manage.
- Limited availability of contractors of an appropriate size.
- Need to increase staffing levels to manage the contractors.
- Whilst the risk of challenge is not eliminated and there remains processes to follow for call-offs, the risks of challenge to separate batched tender processes are higher.

All of these factors impact on the time taken to procure and deliver the works for the client. Due to the volume of cases the Council needs an efficient process to procure contractors to carry out individual jobs.

## 9.3. **Option 3 - Utilising existing framework agreements or contracts held by other organisations**

Advantages:

- Does not require Bradford Council officer time to prepare and implement.

Disadvantages:

- Unlikely to provide a Bradford supply base
- There would be a lack of direct management of the supply base
- No other framework agreements or contracts available that offer the provisions required to deliver disabled adaptations in the Bradford District.
- Bradford Council has less/or no control over the establishment of the framework agreement or contract and therefore its compliance with legislation leading to unknown risk.

- 9.4. Option 1 is the recommended course of action. To procure a Bradford Council specific framework provides significant benefits in terms of time management, competitiveness and supplier relationships and performance without the need to guarantee any volume of business. The framework arrangement allows the flexibility to utilise more than three contractors if the volume of work demands it.

## **10. RECOMMENDATIONS**

- 10.1. That the Committee note the report.

## **11. APPENDICES**

None provided.

## **12. BACKGROUND DOCUMENTS**

None provided.