

Birmingham City Council

Report to Cabinet

1st March 2022



Subject: Contract Award for the Provision of R&M, Gas Servicing and Capital Improvement Work Programmes for 2022-2024

Report of: Julie Griffin, Managing Director, City Housing

Relevant Cabinet Members: Councillor Shabrana Hussain, Cabinet Member for Homes and Neighbourhoods
Councillor Ian Ward, The Leader of the Council
Councillor Tristan Chatfield, Cabinet Member for Finance and Resources

Relevant O &S Chair(s): Councillor Kate Booth – Chair Housing and Neighbourhoods Overview and Scrutiny Committee
Councillor Mohammed Aikhlaq – Chair Resources Overview and Scrutiny Committee

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Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 009954/2022		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential. Commercially and reputationally sensitive information		

1 Executive Summary

- 1.1 This report provides details of the contract provision for the provision of Responsive Repair & Maintenance Services, Gas Servicing and Capital Improvement Work Programmes (including Major Adaptations to Council Housing Stock) in all areas of Birmingham from 1st April 2022 to 31st March 2024.

- 1.2 The exempt appendix 1 contains any commercially / sensitive / confidential market information which could impact on the process.

2 Recommendations

That Cabinet:

- 2.1 Authorises the Managing Director, City Housing, in conjunction with the Assistant Director of Procurement, the Chief Finance Officer and the City Solicitor and Monitoring Officer, to take up the contractual option to extend for two years subject to satisfactory performance and commercial terms or not extend and re-procure any contracts necessary.
- 2.2 Authorises the City Solicitor and Monitoring Officer to enter into any agreements necessary to give effect to the above decision.
- 2.3 Approve “Options considered and Recommended Proposal” as set out in section 3 of the exempt appendix.

3 Background

- 3.1 A Cabinet Report was agreed on 16th March 2021 authorising the Managing Director, City Housing, in conjunction with the Assistant Director of Development and Commercial, the Chief Finance Officer and the City Solicitor and Monitoring Officer, to take up the contractual option to extend for two years subject to satisfactory performance and commercial terms or not extend and re-procure any contracts necessary.
- 3.2 The contract extension process was carried out and successful negotiation of commercial terms was reached with Engie for the North area of Birmingham.
- 3.3 Agreement was not reached with Wates on the East and West-Central areas of the City and alternative provision was secured with Engie through a PR15 compliant procurement framework.
- 3.4 Details on the contract on the South is detailed in appendix 1.

4 Options considered and Recommended Proposal

The recommendation is to:

- 4.1 approve “Options considered and Recommended Proposal” as set out in section 3 of the exempt appendix.

5 Consultation

- 5.1 We will continue to work with residents, housing management teams and elected members to inform them further as the process progresses.
- 5.2 We have consulted market leading consultants, operating within the construction / R&M industry to understand the options considered in the exempt appendix.

6 Risk Management

- 6.1 Specific risks are detailed in the exempt Appendix 1.
- 6.2 Risks will be identified, evaluated and controlled in line with the Birmingham City Council Risk Management Methodology 2017.

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

- 7.1.1 This contract contributes to the Council Plan outcomes 2, 3, 4 & 6
- 7.1.2 Improving the Council owned housing stock directly contributes to the strategic outcomes of the Sustainable Community Strategy, the proposed Council Business Plan and Budget 2021+. Stock improvements will also impact upon the other strategic outcomes, most notably on the aspiration for healthier communities and carbon reduction.
- 7.1.3 The Council will upgrade its stock's thermal performance by energy efficient measures that may include whole property retrofit in line with the City's wider sustainability strategy set by Birmingham's Green Commission through the Carbon Roadmap. These works will include the replacement of existing older inefficient heating systems, external insulation, hard to treat cavity wall and loft insulation and any other innovative energy efficiency works. This will further contribute to targets within the Commission's Carbon Roadmap to reduce carbon dioxide emissions by 60% by 2027 and alleviate fuel poverty. The Council's approach will be to identify additional funding routes such as Energy Company Obligation (ECO), Renewable Heat Incentive (RHI) and any other funding routes that may become available in the future.
- 7.1.4 The Council will seek to upgrade its newbuild property specification to a higher standard of thermal performance and energy efficiency, to ensure that new homes are delivered that relieve fuel poverty and reduce carbon outputs.
- 7.1.5 The Council and its contractors will work with local educational facilities providing opportunities for young people to learn about skills and apprenticeships within the building industry.
- 7.1.6 The Council and its contractors will ensure continued independence for the residents of Birmingham with the delivery of aids and adaptations to the residents' homes
- 7.1.7 The Council and its contractors will ensure that all waste is recycled appropriately, that their carbon footprints are reduced through the use of electric or hybrid vehicles where possible.
- 7.1.8 The Council and its contractors will contribute to any homeless reduction initiatives by providing empty properties for reallocation within the appropriate timescales.
- 7.1.9 Birmingham Business Charter for Social Responsibility (BBC4SR)

Compliance with the BBC4SR is a mandatory requirement of the contract, however they will have to identify additional SV actions that are proportionate to the value of the extension. These actions will be monitored and managed during the period of the contract.

7.2 Legal Implications

- 7.2.1 The proposed allocation of work is consistent with the effective management of the Council's housing stock under Part II Housing Act 1985.
- 7.2.2 The Provision of Responsive Repairs & Maintenance Services, Gas Servicing and Capital Improvement Work Programmes (including Major Adaptations to Council Housing Stock) contracts awarded in 2015 make specific provision for the extension of the contracts as described above. The Council is not obligated to extend any of the contracts. However, if it did not do so, then in order for the same services to be carried

out by an external provider, the work would need to be re-tendered under a public procurement process.

7.3 Financial Implications

It is possible that there will be an uplift to the current contractual prices due to factors identified in Section 6. Any increases will need to be reflected as part of the review of the HRA Business Plan 2022+, which have been included in the HRA Business Plan agreed at Cabinet on 8th February 2022.

7.4 Procurement Implications (if required)

- 7.4.1 This report concerns the contract extension options for the Contract Provision of the contract delivering the Responsive Repairs & Maintenance Services, Gas Servicing and Capital Improvement Work Programmes from April 1st 2022 to 31st March 2024 and the implications are detailed throughout the report.

7.5 Human Resources Implications (if required)

- 7.5.1 The procurement activity and the subsequent contract management will be undertaken by Council staff.

7.6 Public Sector Equality Duty

- 7.6.1 In relation to the recommendations set out in this report, due regard has been paid to the requirements of the Equality Act 2010 and an Equality Assessment has been carried out which has shown that the recommendation will not have any adverse effects on the procurement.
- 7.6.2 The requirements of Standing Order No. 9 in respect of the Council's Equal Opportunity Policy will be incorporated in the contracts for projects carried out within the programme.

8 Background Documents

- 8.1 Cabinet Report 16th March 2021: Contract Strategy for the Provision of R&M, Gas Servicing and Capital Improvement Work Programmes for 2022-2024

9. Appendices

- 9.1 Appendix 1 Exempt Report
- 9.2 Appendix 2 EINA