

**BIRMINGHAM CITY COUNCIL**

**HOUSING AND NEIGHBOURHOODS O&S COMMITTEE –  
PUBLIC MEETING**

**1430 hours on Tuesday 29 November 2022**

**Committee Rooms 3&4, Council House, Victoria Square, Birmingham B1 1BB**

**Action Notes**

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**Present:**

Councillor Mohammed Idrees (Chair)

Councillors: Ray Goodwin, Saqib Khan, Lauren Rainbow and Ken Wood

**Also Present:**

Councillor Rob Grant

Councillor Julien Pritchard

Dean Billingham, Sub-Category Manager, Procurement

Paul Langford, Acting Strategic Director, City Housing

Asha Patel, Interim Head of Repairs and Maintenance

Jayne Bowles, Scrutiny Officer

Amelia Murray, Overview and Scrutiny Manager

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**1. NOTICE OF RECORDING/WEBCAST**

The Chair advised that this meeting would be webcast for live or subsequent broadcast via the Council's meeting You Tube site ([www.youtube.com/channel/UCT2kT7ZRPFCXq6\\_5dnVnYlw](http://www.youtube.com/channel/UCT2kT7ZRPFCXq6_5dnVnYlw)) and that members of the press/public may record and take photographs except where there were confidential or exempt items.

**2. APOLOGIES**

Apologies were received from Councillors Kerry Brewer, Marje Bridle and Roger Harmer.

### 3. DECLARATIONS OF INTERESTS

None.

### 4. REQUEST FOR CALL-IN: HOUSING REPAIRS, MAINTENANCE AND INVESTMENT 2024

(See documents 1 to 5)

Cllr Rob Grant, Cllr Julien Pritchard, Paul Langford, Acting Strategic Director, City Housing, Asha Patel, Interim Head of Repairs and Maintenance, and Dean Billingham, Sub-Category Manager for Procurement, were in attendance for this item.

The Chair advised the meeting that unfortunately the Cabinet Member for Housing and Homelessness had not been able to attend and had given her apologies.

The Chair invited Cllrs Grant and Pritchard to explain the reasons for their request for this decision to be called in and in doing so the following were among the main points raised:

- The call-in proforma gave a brief explanation of the reason for the request, which was that there were “some concerns with potential issues around the transparency and decision-making and approval for this contract” and “some concerns about the recommendations in the report versus the options that were suggested”.
- The three main concerns were around:
  - How the report proposed to split and procure the contract;
  - Tenant engagement;
  - How the contract would be awarded – which was the main reason for the request for call-in.
- **Division of the contract:** The report seemed to suggest two contracts, which went against the recommendation from the consultant that there should be four;
- This would result in two very large contracts and potential risks if one of those failed;
- **Tenant and leaseholder engagement:** The report did not go into a lot of detail about how tenants and leaseholders would be engaged in the process;
- It was noted that at the Cabinet meeting reference had been made to tenants being involved in the procurement shortlisting process, but this had not been included in the report;
- It was queried how residents would be picked to be part of that process to ensure wide representation and also what the balance would be between tenants and council officers in the process;
- **Contract award:** The main reason for the request for call-in was the decision in the report to delegate authority to officers to award the contract once the procurement process had been completed;
- Whilst it was accepted that technically this delegation can be given, this is a very large contract over a number of years and the view was a contract of this scale – affecting 60,000 council properties - should go back to Cabinet for final sign-off;

- Reference was made to the waste disposal contract, which it was understood would be going to Cabinet for final sign-off;
- In summary, the Committee was requested to call-in the decision because of the way the contract was being split, contrary to the consultant's advice, to get more clarity around the representation of tenants and most importantly that to ensure political accountability Cabinet should make the final award.

Officers responded and the following were among the main points raised:

- In terms of the importance of this contract, it was acknowledged that it is one of the biggest of its kind in the country, significant in scale and hugely important to residents;
- With regard to the independent advice, there had been 21 recommendations made by the consultant and 19 of those in terms of adjustments to the process had been accepted in full, one was partially accepted and one was not accepted, with reasons;
- The two recommendations which were not fully accepted related to the length of the contract and the geographical areas;
- **Length of contract:** Originally, a potential 15 year contract had been looked at as this length of time is appealing in terms of economies of scale, however on the basis that there needs to be a balance between giving certainty and appropriate breaks in the contract to allow for review, it was decided to go for a five year contract with the option to extend for a further period of five years through a contract extension process;
- This is nearer to what the industry standard would look like, 7-10 years is normal;
- **Geographical areas:** the report talked about four areas across the city and whilst it was right to say that two would result in very big contract areas, there was an overriding benefit in terms of client management;
- From significant experience, whilst competition from smaller companies was positive, the bigger Tier 1 companies have the expertise and capacity to deliver on a larger scale and this does lead to service improvements;
- In the last six to ten years, there have been three to four contracts, which has not guaranteed performance;
- **Contract award:** whether or not the decision goes back to Cabinet due to the scale of the contract would need to be looked at by the Chief Legal Officer, however it was noted that unnecessary delays could result in timescales being missed and at the moment the process is on course;
- **Tenant and leaseholder involvement:** There was support for making sure the tenant voice is loud and clear and is meaningful, not just about the procurement but also how the service is monitored;
- As part of the first stage of consultation with leaseholders, over 26 individual observations were received and these have been written into the contract documentation, so tenderers are being challenged to emphasise what they will do;
- Work was also being done with customer strategy colleagues with regard to what is included in tender documents and with housing management colleagues with regard to getting customers involved in the detail and how their expertise and opinions are harnessed;

- Throughout the whole process officers will continue to liaise with Cabinet Members and will also work closely with the consultant.

During the discussion, and in response to Members' questions, the following were among the main points raised:

- Members pointed out that it was very clear the consultant's recommendation was for four contract areas and there was concern that the council appears to be overriding that advice;
- With regard to the list of contractors ARK had spoken to, clarity was sought as to how many of those were Tier 1 and how many Tier 2, as the report did not make this clear;
- Members were told that 8 of the companies listed in the report were Tier 1 contractors;
- The report makes it clear that Tier 1 is very risky and very limited on the number of contractors who might be able to tender, which doesn't seem to be opening doors very much, certainly for local contractors;
- Social value will be brought into the tender documents, for example how many suppliers are in Birmingham, how many people in the workforce are within Birmingham, etc, and local providers often do well by being a dedicated part of the supply chain to bigger contractors;
- It was requested that key performance indicators be identified to demonstrate the social value and local economy benefits from this contract;
- One of the concerns with going down the route of two contract areas was what would happen if one of the two companies failed. It is not uncommon for contractors to hit financial difficulties – the example of Sandwell Council was cited and the need to spread the risk;
- Members were told that there will be a financial stress test on each bidder as part of the evaluation process, which takes into account liquidity and gearing, not just turnover;
- The wider capability of the bigger contractors was reiterated in terms of striking a balance between responsive repairs and capital investment;
- There was further concern around the length of the contract and what the incentive was for contractors to perform in the second five years, with a view that this should be broken down;
- Members were told that there will be performance management throughout the first five years and an annual review with contractors to address any areas of concern;
- If contractors failed to deliver on any of the KPIs, a Service Improvement Notice can be issued, so there are incentives for them to consistently perform;
- The Committee has seen recent performance figures and there is no doubt that Equans have performed better than the previous contractor, however performance in the north of the city has gone down slightly and it was queried whether that was due to the contractor taking on too much.
- The Committee wanted to understand how the work undertaken by TPAS informed the tenant engagement.

Following the discussion, the Chair moved to a vote and the Committee agreed not to call in the decision, by a vote of three members to two. It was, however, agreed that a letter setting out the Committee's concerns would be sent to the relevant Cabinet Members and that a draft would be shared with committee members for comment before being sent.

**RESOLVED:** -

- That the decision was not called in;
- That a letter setting out the Committee's concerns be sent to the relevant Cabinet Members.

**5. DATE AND TIME OF NEXT MEETING**

**RESOLVED:**

The date of the next meeting was noted.

**6. REQUEST(S) FOR CALL IN/COUNCILLOR CALL FOR ACTION/PETITIONS RECEIVED (IF ANY)**

None.

**7. OTHER URGENT BUSINESS**

None.

**8. AUTHORITY TO CHAIR AND OFFICERS**

**RESOLVED:**

That in an urgent situation between meetings the Chair, jointly with the relevant Chief Officer, has authority to act on behalf of the Committee.

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The meeting ended at 1552 hours.