

# Birmingham City Council

## Report to Cabinet

15<sup>th</sup> October 2024



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<b>Title:</b>	<b>HOUSING REPAIRS, MAINTENANCE AND INVESTMENT 2026</b>
<b>Lead Member:</b>	Councillor Jayne Francis, Cabinet Member for Housing and Homelessness
<b>Relevant Overview and Scrutiny Committee:</b>	Homes Overview and Scrutiny Committee
<b>Has this report been shared with the relevant Overview and Scrutiny Committee Chair?</b>	Yes
<b>Report Author:</b>	Wayne Davies, Service Director Asset Management City Housing Email: wayne.davies@birmingham.gov.uk Phone Number 07483 431341
<b>Authorised by:</b>	Paul Langford, Strategic Director City Housing
<b>Is this a Key Decision?</b>	Yes Forward Plan Reference: 013246/2024
<b>Reason(s) why not included on the Forward Plan and confirm who has authorised it to be considered:</b>	Not Applicable
<b>Is this a Late Report?</b>	No
<b>Reason(s) why Late and confirm who has authorised it to be considered:</b>	Not Applicable
<b>Is this decision eligible for 'call in?'</b>	Yes
<b>If 'call-in' has been dis-applied, please provide reason(s) and confirm who has authorised:</b>	Not Applicable
<b>Wards:</b>	All Wards

**Does this report contain exempt or confidential information?** Yes

**Exempt Information**

Exempt Appendix 1 is exempt from disclosure by virtue of the following Paragraphs of schedule 12A to the Local Government Act, 1972 as amended:

- 3. Information relating to the financial or business affairs of a particular person (including the authority holding that information).

**Has this decision been included on the Notification of Intention to consider Matters in Private?** Yes

**Reasons why not included on the Notification and confirm who has authorised it to be considered:** Not Applicable

## **1 EXECUTIVE SUMMARY**

- 1.1 This report seeks to set out the Council's plan and approach in commissioning services to secure contracts to deliver its housing repairs and maintenance, capital improvement programme and major refurbishment and retrofit projects.
- 1.2 Nationally the sector is experiencing considerable challenges regarding increased customer expectations and complaints, service delivery and financial affordability. Notably the regulatory standards and increasing awareness and scrutiny are placing additional obligations on social housing landlords which must be met. One area where this is manifesting itself is in higher demand for repairs, increasing backlogs in some landlord organisations, all of which place additional pressure on the capacity of the supply chain to respond and meet these challenges.
- 1.3 Commissioning these services:
- is a vital component in City Housing Directorate's overarching recovery plan and will significantly aid the organisation in delivering on the expectations of the Regulator of Social Housing and Housing Ombudsman to improve the quality of resident's homes and improve overall resident satisfaction.
  - seeks to address stock quality through a progressive programme of stock condition surveys to ensure compliance with the Decent Homes Standard which for the city is currently just under 30%.
  - will ensure continued focus on resident and building safety as part of our statutory compliance obligations.
  - takes account of the national landscape and sector pressures described in 1.2.
- 1.4 The report supports delivery of the Housing Strategy 2023-2028. The strategy was launched in January 2023 and one of the three strategic priorities is to ensure 'Neighbourhoods are enhanced, and the quality of existing homes are improved.'
- 1.5 The report also supports the key commitments in the approved Asset Management Strategy which was authorised by Cabinet in January 2024.
- 1.6 The Repairs & Maintenance contracts are the largest contracts that the Council hold and represent key strategic arrangements for the city. To ensure services are delivered effectively for our residents, the re-procurement process will continue to be a corporate priority for all relevant Directorates.
- 1.7 The exempt appendix 1 contains commercially / sensitive / confidential market information in relation to the commercial and procurement strategy of the Council.

## **2 COMMISSIONERS' REVIEW**

- 2.1 This major procurement is a vital component of BCC's plan to deliver much needed improvement in the condition and H & S compliance of housing stock which is currently reported as being 70% non-decent and is a subject to a breach notice from the Regulator of Social Housing. It is also a key element of BCC's Improvement and Recovery Plan and vitally important to BCC's tenants and leaseholders.

This procurement is set in the context across the sector of rising tenants' expectations/demands and ageing stock generating increasing numbers of repairs and complaints. Lessons have been learnt from the previous aborted procurement and the council has significantly improved its approach. The paper reflects both strategic and commercial analysis/thinking ahead of formerly approaching the market. It also is reflected in dividing Birmingham into four areas to create a more attractive / manageable package of work for potential suppliers to bid for and adopting a "supplier framework" approach that will hold several successful suppliers for work to be awarded to. Commissioners expect the contract to contain effective, measurable KPIs to ensure performance achieved and professional contract management is resourced and deployed consistently given the scale of the contracts and the need for continuous drive for value and quality of service.

The adoption of a framework of suppliers should allow the council flexibility and choice of suppliers to use as the contract develops. This will assist both value and quality of service can be maintained. The procurement activity itself must be considered a "project" with associated governance including exit and entry criteria as the procurement moves through its various stages. Commissioners expect strong engagement with the council commercial/procurement unit to ensure the council achieves the very best balance of value and quality of service. The transition to and mobilisation of the new contracts will have to be managed to minimise risk and ensure repairs to tenants and leaseholders are maintained through this change.

**Commissioners support this cabinet paper.**

### **3 RECOMMENDATIONS**

#### **That Cabinet:**

- 3.1 Notes the pre-decision scrutiny undertaken by the Homes Overview and Scrutiny Committee and considers their key points and the response to them.
- 3.2 Approves the commissioning approach in relation to the provision of housing repairs and maintenance, capital improvement programme and major refurbishment and retrofit projects.
- 3.3 Approves the commencement of procurement activity to secure new contracts in relation to these commissioned services subject to prior approval of each procurement strategy.

- 3.4 Approves the commercial and procurement strategy at Appendix 1 and delegates authority to the Strategic Director of City Housing in consultation with the Interim Director Commercial & Procurement (or their delegate), the Interim Director of Finance (Section 151 Officer) (or their delegate), and the Interim City Solicitor & Monitoring Officer (or their delegate) to approve the remaining procurement strategies required.
- 3.5 Delegates authority to the Strategic Director of City Housing in consultation with the Interim Director Commercial & Procurement (or their delegate), the Interim Director of Finance (Section 151 Officer) (or their delegate), and the Interim City Solicitor & Monitoring Officer (or their delegate) to approve the award of contracts.
- 3.6 Delegates authority to the Strategic Director of City Housing in consultation with the Interim Director Commercial & Procurement (or their delegate), the Interim Director of Finance (Section 151 Officer) (or their delegate), and the Interim City Solicitor & Monitoring Officer (or their delegate) to take up the option to extend the contracts subject to budget, satisfactory performance and the achievement of contractual cost and prescribed Key Performance Indicators.
- 3.7 Delegates authority to agree any modifications to the contracts to the Strategic Director of City Housing in consultation with the Interim Director Commercial & Procurement (or their delegate), the Interim Director of Finance (Section 151 Officer) (or their delegate), and the Interim City Solicitor & Monitoring Officer (or their delegate).
- 3.8 Authorises the Interim City Solicitor & Monitoring Officer (or their delegate) to execute and complete all necessary legal documents to give effect to the above recommendations.

## **4 KEY INFORMATION**

### **Context - Background / Current Position**

- 4.1 The current interim contracts for the Provision of Repairs & Maintenance, Gas Servicing and Capital Improvement Works Programmes expire on the 31<sup>st</sup> of March 2026.
- 4.1.1 The current provision is delivered in four areas of the city through two contracts, as follows:
- North, West and East areas of the city
  - South area of the city
- 4.1.2 These contracts are 'all in', encompassing the following works and services:
- all building trades required to provide a day-to-day repair service, (including 24 hours cover for emergency repairs)
  - repair work to void properties prior to re-letting.
  - repairs relating to damp and mould
  - disrepair and litigation

- cyclical repairs/works and sundry servicing
- building safety and compliance workstreams
- planned maintenance and capital improvement programmes.
- major standalone capital investment projects, including structural, decarbonisation/retrofit works, etc.
- disabled adaptations
- inspection services
- planning supervisor services
- design specification and project management
- work planning and quality control, together with customer relations and the appropriate financial and administrative support
- gas installations, servicing and maintenance including providing an annual gas service to all appliances
- servicing and maintenance of new technologies, e.g. renewable heating, photovoltaic panels etc.

4.1.3 The current interim contracts were awarded following abandonment of the previous procurement in August 2023.

4.1.4 Feedback received from the market in relation to the reasons why some bidders chose to not participate in the previous procurement have been set out below:

- Size and Scale – the opportunity presented to the market previously and the lotting approach was too large for the majority of interested bidders, precluding them from participating and therefore reducing competition.
- Workstreams – as the works and services were all combined, not all interested bidders had the capability to deliver all those workstreams, such as the works identified under major projects/refurbishments.
- Pricing – the Price per Property pricing mechanism was ‘all-inclusive’, with very few exclusions, extraordinarily high-cost caps and no volume protection for Contractors, meaning the price would be fixed for the duration of the Contract, regardless of the increase/decrease in repairs demand and completions, generating ‘risk-pricing’ from the market.
- High risk contract – the form of contract used by the Council was bespoke to its requirements and the balance of risk between the Council and Contractors overly favoured the Council.
- TUPE – there was a perceived concern about the burden of the Local Government Pension Scheme (LGPS) on contractors through the TUPE transfer process.
- Planned programme – lack of certainty in regards volumes and forward planning of the planned programme, completely limiting any opportunities for economies of scale to be built into pricing and contractor delivery arrangements.

- 4.1.5 The council received a breach notice from the Regulator of Social Housing in May 2023 in respect of Consumer Standards and Decent Home. This identified the need for the council to focus on improving decency levels and the amount of investment required to achieve those levels.
- 4.1.6 A Section 114 notice was issued by the Council in September 2023 resulting in an Improvement Recovery Plan (IRP) which was approved in April 2024. Implementing the plan will help the Council achieve the core aims of:
- become financially sustainable
  - a well-run council
  - that delivers good services to citizens
- 4.1.7 One of the priority programmes which will deliver the above is Housing Improvement. Key to achieving the Housing Improvement programme is commissioning works and services which ensure these commitments are at the core of the service, namely:
- value for money
  - high performing with transparent and relevant performance indicators
  - focused on customer outcomes
- 4.1.8 The Asset Management Strategy and HRA Business Plan which were approved by Cabinet in January 2024, outline the long-term plan to achieve decency levels and investment programmes designed to deliver safe, warm and sustainable homes. As a result, the HRA Business Plan is very much geared towards prioritising existing housing stock with projected annual investment levels over the next 8 years of @£200m. This continues the successful acceleration and delivery of our investment programmes in 2023/24 of @£180m, a significant increase compared to levels in 2022/23 of @£80m.
- 4.1.9 By delivering the services through this approach, we support the relevant outcomes of the Improvement Recovery Plan, a financially sustainable council delivering good quality services to citizens. In context, our key priority is to drive improvement across Affordable Housing, the Quality of Council Homes, and Homelessness to deliver better outcomes and benefits for residents.
- 4.1.10 It is recognised that delivery of contracts of this scale and size require the council to have appropriate level of Asset Management resource and expertise in place to ensure effective management and emphasis on customer outcomes. This is currently underway through the design and implementation of a revised divisional staffing structure to be fully embedded prior to the new contracts commencing in April 2026.

### **Service Review**

4.1.11 The Council has undertaken a review to consider what it is aiming to achieve in future services. The requirements have been structured into three themes, People, Properties, Commercial. The outcomes from the review and engagement sessions have indicated a focus is required on the following:

People – directly linked to the outcomes of the customer service charter and strategy:

- Clear service level standards including resident engagement
- ‘My home’ culture, holistic needs to be considered
- Localised delivery
- Digitised repair journey with clear communication
- Extended/flexible service delivery/availability for appointments
- Independent satisfaction surveys
- Concise and meaningful set of KPIs – synergy with tenant satisfaction measures
- Performance League Table of contractor performance shared transparently with customers, aimed at generating continuous service improvement
- Social value commitments including skills training and prospective opportunities and benefits for residents

Properties:

- Delivery of upscaled investment programme
- Whole house refurbishment or elemental renewal
- Incorporating decarbonisation into programme
- Proactive approach to high demand/cost properties and damp and mould
- Stock condition surveys – accurate condition and hazard data
- EPCs needed whenever fabric/heating works undertaken
- Updated technical specifications and standards
- Full ICT integration ensuring capture of asset data

Commercial Sustainability:

- Sufficient market interest
- Value for money responses
- Appropriate balance of risk between the Contractors and the Council
- Cost control
- Right balance between planned and reactive works
- Opportunity for wide range of contractors
- Local labour and supply chain
- Innovation and strategic alignment

4.1.12 These areas of focus are reflected in the customer service charter which commits to:

- Treating customers fairly
- Keeping them informed
- Getting the service right
- Making access easier



- 4.1.13 Technology is an integral part of the customer strategy and the Council's intention to increase access through "All things Digital". The commissioning of the contracts will link in with the current technological landscape as well as working with future strategic suppliers to take advantage of their own technology solutions in the interest of economies of scale and avoiding duplication.
- 4.1.14 Resident engagement and influence in the design, delivery and scrutiny of services is essential to our approach to co-design. An integral part of the proposed contracts will be regular resident involvement especially through existing mechanisms such as our tenant led City and Local Housing Involvement Boards to help shape the proposal as well as involvement in parts of the evaluation process. Effective resident engagement is a key part of the service going forward and proposals will be developed to ensure regular engagement, monitoring and feedback from residents including detailed performance monitoring through the Tenant Scrutiny Group.

## 4.2 **Proposal and Reasons for Recommendations**

The proposal is to structure future contracts as follows with each commission requiring a separate procurement activity.

### 4.2.1 **Repairs & Maintenance, Planned Programme and Sundry Servicing**

The intention is to structure the requirements across the city into four areas, with a different contractor being awarded to each area. The proposal is that the initial contract period is for 10 years, with an annual and mutual no-fault break clause triggerable after the 2<sup>nd</sup> contract anniversary date, i.e. after 2 years, and every year thereafter, with the need for either party (the Council or the contractor) to provide 12 months written notice to the respective party. There will also be an annual contract review process and the option to extend the initial contract for a further five-year period. We will also be looking to a standard form of contract that the market is familiar with. The contract period and type of contract proposed, will help to balance risk and generate market competition as well as providing improved resilience and additional flexibility within the council's supply chain. This approach provides improved step in arrangements, should they be needed, enabling the council to divert work away in the event of underperformance from contractors.

The approach described above will enable the council to manage the delivery of the contracts in a proactive and collaborative way ensuring relevant objectives and outcomes are achieved. The contract will provide the council with the opportunity to continuously adapt and improve its service delivery model positively, influenced by internal and external factors such as changes in regulation and service improvement.

Based on the contract period and extension option, the estimated value of the procurement based on historical and forecast data is £2,984,425,410 (£198,961,694 per annum).

The scope of works and services to be included into this contract are as follows:

Repairs & Maintenance	Planned Programme	Sundry Servicing (Repairs & Maintenance)
<ul style="list-style-type: none"> <li>• Repairs</li> <li>• Damp &amp; Mould</li> <li>• Disrepair &amp; Litigation</li> <li>• Voids</li> <li>• Gas Servicing &amp; Maintenance</li> </ul>	<ul style="list-style-type: none"> <li>• Kitchens &amp; bathrooms</li> <li>• Roofing works (when not part of larger refurbishment programme)</li> <li>• Windows &amp; doors (when not part of larger refurbishment programme)</li> <li>• Meters &amp; billing equipment</li> <li>• Electrical works, upgrades and testing</li> <li>• Smoke alarm testing, smoke &amp; carbon detector testing</li> <li>• EPC</li> <li>• Sprinkler systems</li> <li>• Aids &amp; adaptations</li> <li>• Flooring</li> <li>• Retrofit works (flexibility to include)</li> </ul>	<ul style="list-style-type: none"> <li>• Drainage &amp; manholes</li> <li>• Storm water pumps</li> <li>• Ventilation &amp; heat recovery servicing</li> <li>• PV &amp; solar servicing</li> <li>• Battery servicing</li> <li>• Visual inspection of various items</li> <li>• Door entry systems – service, maintain and repair</li> <li>• Other sundry servicing currently in scope</li> </ul>

#### 4.2.2 Major Projects (including major refurbishments)

The intention is to establish a 4-year framework with several experienced contractors who can focus solely on these types of works. These works will include major refurbishment projects as well as retrofit works. The works will be awarded via mini competitions amongst those approved contractors on the framework, against a set of the Council's Employers Requirements for each project. We will be looking to use a standard form of contract such as JCT, deemed more appropriate for the type of work, i.e. construction works. It is permissible for a Contractor to be awarded an area-based Repairs & Maintenance Contract and be awarded a place on the Major Projects framework, subject to market interest and tendering outcomes.

The estimated annual value for major projects is £65,949,255. The estimated framework value is £263,797,020. The approach to the procurement will be set out in more detail in the procurement strategy.

#### 4.2.3 Compliance Works

The compliance workstreams will be procured on an individual basis with separate contracts being required for surveying/assessment services and the remediation works required. Services included in compliance works are:

Surveying/assessment	Remediation
Fire risk assessments (FRA) - 2 contractors	FRA remedials – 2 contractors
Asbestos management surveys – 2 contractors	Asbestos remedials – 1 contractor
Water hygiene risk assessments – No. contractors to be confirmed	Water hygiene testing, servicing and remedials – No. contractors to be confirmed

Other compliance workstreams benefit from being a one stop shop approach such as:

Lifts – domestic and passenger lifts and hoist risk assessments, remedial works, maintenance and management.

Fire safety/Community alarms/Sprinkler equipment – maintenance, immediate remedials and repairs.

The estimated annual value for compliance works is £11,890,000. The contract period and approach to each procurement will be set out in the procurement strategy.

#### 4.2.4 Communal Decorations

Communal decorations will be procured separately via a direct delivery model utilising the skills of specialist contractors, with more scope for a local and small medium enterprise (SME) supply chain and to ensure Value for Money. Removing reliance on subcontractors via the main R&M contractors, and potentially removing a layer of cost.

The estimated annual value for communal decorations is £9,600,000. The contract period and approach to the procurement will be set out in the procurement strategy.

4.2.5 The condition of the Housing Revenue Account (HRA) depots (four sites) has been reviewed by the Council’s Corporate Property Team, with independent advice also sought. The review of the HRA depots is included in the council’s wider corporate landlord options appraisal of all council assets with a view to invest, retain, divest or re-purpose. The review has found that the depots are in a generally poor condition, with many dilapidations identified and the working environments are deemed unattractive. The level of investment required to improve the condition of the depots would be disproportionate (given the age of the depots and their current configuration) and unaffordable for the Council to consider. Since Covid-19, the Council has operated agile working, almost entirely diminishing Council colleague occupation of the depots, with contractor staff largely occupying their assigned areas of each depot only. Therefore, in most

cases, the depots are under-utilised, beyond economic repair and have the ability (land and buildings) to generate significant capital receipts if disposed/re-purposed soon after (June 2026) following the conclusion of the Interim Contracts. Contractors will then provide their own depots for local operational delivery and include co-location space for council staff.

### **4.3 Other Options Considered**

#### **Delivery Models**

4.3.1 In June 2021 Trowers and Hamlins undertook a high-level options appraisal of suitable delivery models which best align with the Council's long-term investment and asset management and maintenance programme of works to existing and future housing stock (Appendix 2). This work was outsourced to Trowers and Hamlins who were the council's expert external advisor at the time to augment internal expertise.

4.3.2 The options considered were:

- "One-stop shop"
- Insourcing
- Outsourcing
- Joint venture
- Wholly owned subsidiary model

4.3.3 For each of the options, the following elements were considered:

- Overview of each option
- Key advantages
- Key concerns
- Variant options

4.3.4 Alternative options for delivery of the maintenance services were considered as part of the previous contract strategy and decision made (and approved by Cabinet) to retain the existing outsourced model due to the complexities and cost impact of the alternatives. Whilst this advice was considered in 2021 for the previous procurement, the current position of the Council, since the issue of the Section 114 notice and the subsequent Improvement Recovery Plan, means the option to remain with an outsourced service is the most relevant to achieve the value for money and improved outcomes for customers.

## **5 RISK MANAGEMENT**

5.1 A risk register is being maintained in relation to this work to ensure the Council has visibility of the associated risks and has considered the likelihood and impact of risks identified. Control measures have been considered and put in place to

mitigate the risk, where possible, in turn reducing the overall risk score where possible.

5.2 The risk register can be found at Appendix 5

5.3 Key risks identified at this stage are:

- Capacity and skills within the sector both internally and within the supply chain due to the increasing housing stock investment requirements
- Rates submitted represent significant increase against current costs and budget because of bidders factoring in market risks
- Inaccuracies/limited information in relation to TUPE data impacts on bidder proposals
- Delays in the overall timetable results in insufficient time for effective mobilisation
- Integration of Council and contractor ICT systems unable to take place in time for go-live

## **6 CONSULTATION**

6.1 Stakeholder engagement has been undertaken during spring/summer 2024 with several interested groups, including:

- the incumbent contractors and wider contractor market. Outcomes of those discussions are reflected in the commercial and procurement strategy at Appendix 1.
- Materials consortia/supply chain to explore options
- Over 150 Council officers in staff briefing sessions with the main themes of comment being
  - contract structure
  - repair priorities
  - communications
  - performance transparency
  - use of technology
  - clear service standards
- Tenant engagement through the City Housing Liaison Board (CHLB) has identified the following areas of contention for tenants, which they would want to see addressed through new contracting arrangements.
  - Performance
  - Reliability
  - Number of contractors

- Holistic approach to service

- 6.2 Project Board members which consist of Senior Officers and Heads of Service were consulted regarding this report.
- 6.3 Officers from Finance, Commercial & Procurement Services and Legal and Governance have been consulted as part of the preparation of this report.
- 6.4 Cabinet Member for Finance and Resources will be updated on the contents of the report.

## **7 MEMBER ENGAGEMENT**

### **7.1 Ward Councillor(s)**

- 7.1.1 Cabinet Member for Housing and Homelessness has received regular verbal updates in regards the status of the project.
- 7.1.2 An engagement session with Ward Councillors took place on 23<sup>rd</sup> July and key areas of feedback received include contract size, number of contracts, resources to manage the larger scope and decision making on the priorities for investment. In addition, feedback regarding improvement in customer communications and ensuring vulnerable customer groups such as care leavers are not adversely impacted by the service was raised. The Equality Impact assessment ensures the service is fair and accessible to any customers in the protected characteristics groups.

### **7.2 Overview and Scrutiny**

- 7.2.1 The Homes Overview and Scrutiny Committee undertook pre decision scrutiny on 18 September 2024. Appendix 6 sets out the key points arising from their discussions and the response to these points in more detail. In summary, the Committee made five headline points:
- 7.2.1.1 The Committee welcomes this step and in particular, the Committee is pleased that the recommended proposal has considered previous concerns raised by Overview and Scrutiny Committees.
- 7.2.1.2. The Committee acknowledges the steps taken by the Council to encourage and generate increased interest from the market.
- 7.2.1.3 The Committee seeks assurances that the contract management arrangements are appropriately resourced through the term of the contract to enable the Council to effectively monitor delivery and quality and manage risk.
- 7.2.1.4 The Committee is pleased that the Council intends to adopt Key Performance Indicators focused on delivering a quality and responsive service. However, the Committee seeks further assurances on what these Key Performance Indicators will be before they are agreed.

7.2.1.5 The Committee requests further information through the term of the contract on how the approved contractors are delivering towards the Birmingham Charter for Social Responsibility.

7.2.2 In response to this, officers

7.2.2.1 thanked the committee for their support and feedback

7.2.2.2 will arrange to provide assurance around the resourcing and structure of the contract management framework as part of the regular update on regulatory performance to the committee.

7.2.2.3 will share the proposed Key Performance Indicators when developed in line with committees work programme or by exception

7.2.2.4 will arrange to provide updates on social value delivery by the contractors as part of the regular update on regulatory performance to the committee.

### **7.3 Other**

7.3.1 Oversight of the project and governance is in place via internal project board and reported through to the asset management transformation board along with regular updates to Cabinet Member.

## **8 IMPACT AND IMPLICATIONS**

### **8.1 Finance and Best Value**

#### **Affordability**

8.1.1 All of the services to be commissioned, that are identified in this report, (which encompass revenue and capital monies to repair, maintain and invest in the housing stock) are included in the HRA Business Plan (BP), approved by Cabinet on the 16th of Jan 2024.

8.1.2 The values do not assume any grant funding, although, the Council will work with its strategic partners and agencies to identify funding/subsidy opportunities for various Major Projects (capital).

8.1.3 This contract is primarily HRA funded. In addition, there will be a pressure in the General Fund City Housing budget in relation to the Temporary Accommodation element of the contract. The General Fund pressure has been factored into the Medium-Term Financial Plan.

#### **Value for Money**

8.1.4 The market attractiveness of the commissioning approach has been heavily considered to ensure there is market competition for the contracts.

8.1.5 The scope and scale of the contracts has been made more equitable than the current contract (e.g. four contracts across four areas, rather than two Contracts across four areas), including ensuring the risk transfer to contractors is

appropriate, e.g. cost caps, repairs demand/completion protection, reasonable price change mechanisms, etc.

8.1.6 The contracts will have an initial term of 10 years, with break clause provisions built in and the ability to then extend the Contract for one further period of 5 years, subject to various conditions, such as performance and service standards being consistently met.

8.1.7 A contract of this size will allow the pricing to benefit from economies of scale and enable the contractors to achieve a return on investment, given the duration and certainty over the work content included in the contract, e.g. Capital Programme Order Book for at least 5 years.

### **Tax**

8.1.8 There are no tax implications from this proposal as work is outside of VAT/standard VAT applies and is dealt with as part of the councils VAT reclaim process/etc.

### **Details**

8.1.9 The financial details informing the annual contract values have been derived from understanding the projected cost base associated with each workstream and the volumes of works required across those workstreams to essentially produce an annual budget. The Strategic Asset Management approach being taken helps to ensure the Council can comply with the Regulator of Social Housing Consumer Standards, as an example, ensuring Decency levels are improved to adhere to the Safety and Quality Standard.

8.1.10 Authorisation has been received from the City Housing spend control board on 30th July 2024 and from the S151 officer on 31st July 2024 in relation to the procurement for repairs and maintenance, planned programmes and sundry servicing to the value of £2,984,425,410.

8.1.11 Authorisation has been received from the City Housing spend control board on 30th July 2024 and from the S151 officer on 31st July 2024 in relation to the procurement for major projects (including major refurbishments) to the value of £263,797,020.

8.1.12 Further authorisations from City Housing spend control board and from the S151 officer will be sought regarding spend for the remaining compliance and communal decoration workstreams once the detail of contract value and duration has been finalised.

## **8.2 Legal**

8.2.1 The proposed allocation of work is consistent with the effective management of the Council's housing stock under Part II Housing Act 1985.

8.2.2 The Provision of Responsive Repair & Maintenance Services, Gas Servicing and Capital Improvement Work Programmes (including Major Adaptations to Council Housing Stock) contracts awarded in 2024 expires on 31st March 2026, and for



the same services to be carried out by external providers, the work needs to be re-tendered under a public procurement process

### **8.3 Equalities**

8.3.1 An Equalities Impact Assessment (EIA000480) has been completed and approved and is at Appendix 3.

### **8.4 Procurement**

8.4.1 All procurement activity will be conducted compliantly in accordance with the relevant procurement legislation at the time of tendering and the Council's Procurement and Contract Governance Rules. An indicative plan has been compiled to ensure key milestones relevant to the procurement process are met. The plan is included at Appendix 7. At each key milestone, there will be internal Project Board governance and approval to proceed to the next stage based on entry and exit criteria agreed by Project Board.

8.4.2 The Commercial and Procurement Strategy for responsive repairs, planned programmes and sundry servicing has been attached at Appendix 1 for approval by Cabinet.

8.4.3 Additional procurement strategies relating to the commissions identified in this report will require authorisation in accordance with the Council's Procurement and Contract Governance Rules subject to the recommendation in this report for delegated authority being approved.

### **8.5 People Services**

8.5.1 Officers of City Housing are leading the delivery of the recommissioning of contracts with support from other areas of the Council along with specialist technical, legal and project management resources as required.

8.5.2 There may be potential TUPE implications regarding incumbent contractor's staff dependent on the outcome of the procurement activity.

8.5.3 Contracts of this size and complexity will need additional resources, skills and capacity to deliver the additional investment, anticipated benefits and improved customer outcomes. The Asset Management Service is undergoing organisation redesign to increase capacity which is included in the HRA Business Plan.

### **8.6 Climate Change, Nature and Net Zero**

8.6.1 The Environmental and Sustainability Assessment has been completed and approved by the Principal Carbon Policy Officer, Route to Zero Carbon team and is attached at Appendix 4.

### **8.7 Corporate Parenting**

8.7.1 There are no implications or opportunities in relation to the Corporate Parenting responsibility arising from the recommendation in this report.

## **8.8 Other**

8.8.1 There are no other implications arising from the recommendations in this report.

## **9 APPENDICES**

9.1 Exempt Appendix 1 – Commercial & Procurement Strategy for Repairs & Maintenance, Planned Programme and Sundry Servicing

9.2 Appendix 2 – Delivery Options Report (Trowers and Hamlins)

9.3 Appendix 3 – Equality Impact Assessment - EIA000480 (EIA)

9.4 Appendix 4 – Environment and Sustainability Assessment (ESA)

9.5 Appendix 5 - Risk Register

9.6 Appendix 6 – Homes Overview and Scrutiny Feedback

9.7 Appendix 7 – Procurement Milestone Plan

## **10 BACKGROUND PAPERS**

10.1 Housing Strategy 2023-2028

10.2 Asset Management Strategy 2024-2029

10.3 Cabinet paper - Housing Revenue Account (HRA) Business Plan and Rent Setting 2024/2025