

BIRMINGHAM CITY COUNCIL

HOUSING AND NEIGHBOURHOODS OVERVIEW AND SCRUTINY COMMITTEE

TUESDAY, 29 NOVEMBER 2022 AT 14:30 HOURS
IN COMMITTEE ROOMS 3 & 4, COUNCIL HOUSE, VICTORIA
SQUARE, BIRMINGHAM, B1 1BB

A G E N D A

1 NOTICE OF RECORDING/WEBCAST

The Chair to advise/meeting to note that this meeting will be webcast for live or subsequent broadcast via the Council's meeting You Tube site (www.youtube.com/channel/UCT2kT7ZRPFCXq6_5dnVnYlw) and that members of the press/public may record and take photographs except where there are confidential or exempt items.

2 APOLOGIES

To receive any apologies.

3 DECLARATIONS OF INTERESTS

Members are reminded they must declare all relevant pecuniary and other registerable interests arising from any business to be discussed at this meeting.

If a disclosable pecuniary interest is declared a Member must not participate in any discussion or vote on the matter and must not remain in the room unless they have been granted a dispensation.

If other registerable interests are declared a Member may speak on the matter only if members of the public are allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless they have been granted a dispensation.

If it is a 'sensitive interest', Members do not have to disclose the nature of the interest, just that they have an interest.

Information on the Local Government Association's Model Councillor Code of Conduct is set out via <http://bit.ly/3WtGQnN>. This includes, at Appendix 1, an interests flowchart which provides a simple guide to declaring interests at meetings.

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

To consider the 'Request for Call-In'. (The portfolio holder and the Lead Officer identified in the report have been summoned to attend the meeting).
The following documents are attached:-

A) Call-In Procedure – Briefing Note

B) The Executive Decision Record

C) The relevant form for the 'Request for Call-In' lodged by Councillors Julien Pritchard and Rob Grant

D) The report considered by Cabinet in reaching its decision

5 DATE OF THE NEXT MEETING

To note that the next meeting is scheduled to be held at 1400 on Thursday 15 December 2022.

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

To consider any request for call in/councillor call for action/petitions (if received).

7 OTHER URGENT BUSINESS

To consider any items of business by reason of special circumstances (to be specified) that in the opinion of the Chair are matters of urgency.

8 AUTHORITY TO CHAIR AND OFFICERS

Chair to move:-

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

Birmingham City Council

Housing and Neighbourhoods Overview and Scrutiny Committee

29 November 2022



Subject: Request for Call-In - Housing Repairs, Maintenance and Investment 2024

Report of: Janie Berry, City Solicitor and Monitoring Officer

Report author: Amelia Murray, Overview and Scrutiny Manager
amelia.murray@birmingham.gov.uk

1 Purpose

- 1.1 This report outlines a Request for a Call-In of the Housing Repairs, Maintenance and Investment 2024 decision by the Executive on 8 November 2022 (Appendix 2).
- 1.2 All Executive decisions are subject to Call-In before approval. This request for a Call-In was submitted by Cllrs Julien Pritchard and Rob Grant on 14 November 2022 (Appendix 3).

2 Recommendations

- 2.1 The Committee:
 - Reviews the reason(s) provided to request this Call-In, and how and why the decision had been reached by the Executive; and
 - Considers whether this request meets the criteria for a Call-In as set out in [Part B \(11.9\) of the Constitution](#), and decides whether to Call-In the decision to approve Housing Repairs, Maintenance and Investment 2024.

3 Any Finance Implications

- 3.1 With specific regard to this Request for a Call-In, there are no financial implications.
- 3.2 The Cabinet Report (Appendix 4) outlines the financial implications related to the decision of the Housing Repairs, Maintenance and Investment 2024 report.

4 Any Legal Implications

- 4.1 As set out in [Part B, 11.9 of the Constitution](#), the purpose of this meeting is to discuss whether the Committee should or should not exercise its power of a Call-In. Specifically, it will formally discuss whether the Executive should reconsider its decision to approve Housing Repairs, Maintenance and Investment 2024. Further information relating to the Call-In procedure and its criteria is set out in Appendix 1.
- 4.2 The Cabinet Report (Appendix 4) outlines the legal implications related to the decision of the Housing Repairs, Maintenance and Investment 2024 report.

5 Any Equalities Implications

- 5.1 The Council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
 - eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the 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.
- 5.2 With specific regard to this Request for a Call In, there are no equalities implications.

6 Appendices

- 6.1 Appendix A – Call-In Procedure and Criteria Briefing Note
- 6.2 Appendix B – Executive Decision Record – Housing Repairs, Maintenance and Investment 2024
- 6.3 Appendix C – Housing Repairs, Maintenance and Investment 2024 Contract Call-In Request
- 6.4 Appendix D – Housing Repairs, Maintenance and Investment 2024- FINAL

Call in Procedure

1. Introduction

- The purpose of the meeting is to discuss whether the Committee should, or should not, exercise its power of Call In – that is: whether to formally request that the Executive reconsiders its decision in relation to Housing Repairs, Maintenance and Investment 2024.
- Where a Committee does decide to Call In a decision the “re-consideration” which is then required must take place at a meeting of the full Cabinet – irrespective of who made the original decision.

2. The Members must make their case justifying their request for Call In

- Chair to ask the two Councillors who requested the call-in to explain the reasons why they have requested that the decision be called in.
- If the members who requested the call-in are not members of the O&S Committee then they should be invited to present their case, but will not be able to vote on the call-in decision.
- Q&A: chance for the Committee to **ask for clarification** or details on the reasons why the request for call in has been made [**Note: it is not for Members to start discussing the merits or otherwise of the call-in at this point**].

3. Presentation by the Cabinet Member on their Decision

- Cabinet Member assisted by officers, to state how/why the decision was made – officers to give any necessary background information.
- Q&A: chance for the Committee to ask for clarification or details on the decision and how it has been made.

4. The Cabinet Member and Officers are asked by the Chair to leave the room whilst the Committee discusses its view on whether or not they think there are grounds for the decision to be Called In.

- When the O&S Committee is satisfied that it has fully explored the case for call in and the Cabinet Member’s reasoning for the decision that was taken, then the Cabinet Member, their officers and any councillors who are not members of the committee may be asked to leave the room to allow the Committee to come to its conclusion.
- The meeting, if being held in public, will continue to be public and so livestreaming will continue but asking Cabinet Members, officers and others to leave enables members of the committee to discuss without further contributions from those not on the committee.

5. Discussion by the Committee

- The Overview and Scrutiny Committee will consider the criteria for Call In.
- For clarity, as set out in Part B (11.9) of the Constitution, the Council does not expect an O&S Committee to Call In an Executive decision unless one or more of the criteria (set out at Appendix 1) applies.

NB: the Committee do not have to adhere to the grounds for call-in selected by the two Members requesting the call-in – if other grounds are more appropriate, these can be used.

6. Chair to sum up and asks for vote on whether to call the decision in.

1. Decision not called in

- No need to refer it to Cabinet
- Call In Meeting closed
- (The Committee could agree to inform the Cabinet Member of any concerns of the Committee by letter)

2. Decision called in to be reconsidered by the Executive

- To agree the criteria for the call in
- Committee requests that the Chair of the O&S Committee attends the next Cabinet meeting with a formal report of the Committee ‘referring back’ the decision.
- Call In Meeting closed

THE CABINET MEMBER AND SUPPORTING OFFICERS ARE CALLED BACK IN TO THE ROOM AND NOTIFIED OF THE OUTCOME.

8. After the Meeting if 'called in'

The Scrutiny Office prepares a report setting out the criteria for the Call In, the Committee's concerns and issues and any way forward suggested.

- *The Chairman attends the next Cabinet meeting to formally request that the decision is referred back to the Cabinet.*
 - *Cabinet then discusses whether to change the original decision or not. If not, that is the end of the matter.*
 - *If yes, then the Cabinet Member will need to revisit the issues and make a new decision.*
-

Call-In Criteria

	(a) Is the Executive decision within existing policy?
1	the decision appears to be contrary to the Budget or one of the 'policy framework' plans or strategies;
2	the decision appears to be inconsistent with any other form of policy approved by the full Council, the Executive or the Regulatory Committees;
3	the decision appears to be inconsistent with recommendations previously made by an Overview and Scrutiny body (and accepted by the full Council or the Executive);
	(b) Is the Executive Decision well-founded?
4	the Executive appears to have failed to consult relevant stakeholders or other interested persons before arriving at its decision;
5	the Executive appears to have overlooked some relevant consideration in arriving at its decision;
6	the decision has already generated particular controversy amongst those likely to be affected by it or, in the opinion of the Overview and Scrutiny Committee, it is likely so to do;
7	there is a substantial lack of clarity, material inaccuracy or insufficient information provided in the report to allow the Overview and Scrutiny Committee to hold the Executive to account and/or add value to the work of the Council.
	(c) Has the Executive decision been properly taken?
8	the decision appears to give rise to significant governance, legal, financial or propriety issues;
9	the notification of the decision does not appear to have been in accordance with council procedures;

Details

Status:	Decision Subject To Call In
Title:	Housing Repairs, Maintenance and Investment 2024
Include item on Forward Plan/ Key Decision	Yes
Originally Added to forward plan	
Reference:	010196/2022
Urgent Decision - Not in Forward Plan	No
Details for Agenda Sheet	Report of Strategic Director - City Housing
Implementation Date (not before meeting on)	Tue 8 Nov 2022
Purpose	To seek approval to commence the procurement for Responsive Repair and Maintenance Services, Gas Servicing and Capital Improvement Work Programmes (including Major Adaptations to Council Housing Stock) regarding the Council's housing stock in all areas of Birmingham.
Key Portfolio	Housing and Homelessness
Decision Maker	
Reason For Key Decision	Revenue spend over £500k
Relevant Documents	
Decision Type:	Committee

Decision Maker: Cabinet

Directorate City Housing

**Other
Information**

Private Reason

**Decision
Outcome**

On 8 November 2022, Cabinet:-

(i) Approved commencement of the procurement for Responsive Repair & Maintenance Services, Gas Servicing and Capital Improvement Work Programmes (as including Major Housing Repairs, Maintenance and Investment 2024 Adaptations to Council Housing Stock) regarding the Council's housing stock in all areas of Birmingham as detailed in this report subject to approval of the Procurement Strategy;

(ii) Delegated authority to the Strategic Director for City Housing, in conjunction with the Assistant Director Corporate Procurement (or their delegate), the Strategic Director of Council Management (or their delegate), and the City Solicitor (or their delegate) and in consultation with the Cabinet Member for Finance and Resources and the Cabinet Member for Housing and Homelessness, to approve the procurement strategy;

(iii) Authorised the Strategic Director of City Housing in conjunction with the Assistant Director Corporate Procurement (or their delegate), the Strategic Director of Council Management (or their delegate), and the City Solicitor (or their delegate) to award the contract to the successful bidder(s);

(iv) Delegated authority to the Strategic Director for City Housing, in conjunction with the Assistant Director Corporate Procurement (or their delegate), the Cabinet Member for Housing and Homelessness, the Strategic Director of Council Management (or their delegate), and the City Solicitor (or their delegate) to take up the option to extend the contract for one period of five years subject to satisfactory performance and the achievement of contractual cost and prescribed

Key Performance Indicators, or not take up an option to extend and to re-procure any contract(s) as necessary;

(v) Authorised the Strategic Director of City Housing in conjunction with the Assistant Director Corporate Procurement (or their delegate), the Strategic Director of Council Management (or their delegate), and the City Solicitor (or their delegate) to activate the contingency plan (as set out at Section 6.4 to the report) if a delay in the procurement puts at risk the new contracts being in place from the 1st April 2024 to comply with the statutory obligation to carry out the repairs and maintenance of its housing stock;

(vi) Delegated authority to the Strategic Director for City Housing, in conjunction with the Assistant Director Corporate Procurement (or their delegate), the Strategic Director of Council Management (or their delegate), and the City Solicitor (or their delegate) to review depot usage with consideration for disposal, with the capital receipts ringfenced to the Housing Revenue Account for housing investment, any request for disposal/ringfencing will be submitted to Cabinet for approval;

(vii) Authorised the City Solicitor to execute and complete any documents to give effect to the above.

THE DEADLINE FOR CALL IN IS 1600 HOURS ON MONDAY 14 NOVEMBER 2022.

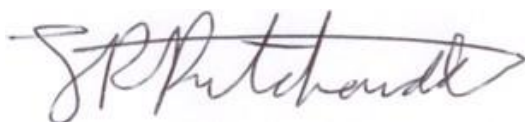
On 14 November 2022 at 1552 hours, a request for call-in was submitted by Councillors Julien Pritchard and Rob Grant. No action on the decision can be taken until the request for call-in has been considered by the relevant O&S Committee within 15 days of the decision being posted.

Request for Call In – Pro-forma*Date: 14th November 2022**Please arrange for a meeting of the Housing & Neighbourhoods O&S Committee to be called to discuss the following executive decision:***Title: *Housing Repairs, Maintenance and Investment 2024*****Taken By: *Cabinet*****On: *8th November 2022*****Reason for request:**

Criteria	Yes/No	Brief Explanation
<i>(a) Is the Executive decision within existing policy?</i>		
1. the decision appears to be contrary to the Budget or one of the 'policy framework' plans or strategies	<input checked="" type="checkbox"/>	We have some concerns with potential issues around the transparency and decision-making and approval for this contract.
2. the decision appears to be inconsistent with any other form of policy approved by the full Council, the Executive or the Regulatory Committees	<input type="checkbox"/>	
3. the decision appears to be inconsistent with recommendations previously made by an Overview and Scrutiny body (and accepted by the full Council or the Executive)	<input type="checkbox"/>	
<i>(b) Is the Executive decision well-founded?</i>		
4. the Executive appears to have failed to consult relevant stakeholders or other interested persons before arriving at its decision	<input type="checkbox"/>	

Criteria	Yes/No	Brief Explanation
5. the Executive appears to have overlooked some relevant consideration in arriving at its decision	<input checked="" type="checkbox"/>	We have some concerns with potential issues around the transparency and decision-making and approval for this contract. We also have some concerns about the recommendations in the report versus the options that were suggested.
6. the decision has already generated particular controversy amongst those likely to be affected by it or, in the opinion of the Overview and Scrutiny Committee, it is likely so to do	<input type="checkbox"/>	
7. there is a substantial lack of clarity, material inaccuracy or insufficient information provided in the report to allow the Overview and Scrutiny Committee to hold the Executive to account and/or add value to the work of the Council	<input type="checkbox"/>	
<i>(c) Has the Executive decision been properly taken?</i>		
8. the decision appears to give rise to significant legal, financial, governance or propriety issue	<input checked="" type="checkbox"/>	We have some concerns with potential issues around the transparency and decision-making and approval for this contract.
9. the notification of the decision does not appear to have been in accordance with council procedures	<input checked="" type="checkbox"/>	We have some concerns with potential issues around the transparency and decision-making and approval for this contract.

Councillor



Councillor Julien Pritchard

Councillor



Councillor Rob Grant

Birmingham City Council

Report to Cabinet

8 November 2022



Subject: Housing Repairs, Maintenance and Investment 2024

Report of: Julie Griffin, Strategic Director of City Housing

Relevant Cabinet Members: Councillor Sharon Thompson, Cabinet Member for Housing and Homelessness
Councillor Yvonne Mosquito, Cabinet Member for Finance and Resources

Relevant O&S Chair(s): Councillor Mohammed Idrees, Housing and Neighbourhoods
Councillor Akhlaq Ahmed, Resources

Report Author: Steve Wilson, Project Director – Asset Management
Sarah Ager, Interim Head of Capital Investment and Repairs
Email Address: sarah.ager@birmingham.gov.uk

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: 010196/2022		
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 type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential.		

1 Executive Summary

This report provides details of the proposed approach for the recommissioning of the provision of Responsive Repair & Maintenance Services, Gas Servicing and Capital Improvement Work Programmes (including Major Adaptations to Council Housing Stock) regarding the Council's housing stock in all areas of Birmingham from 1st April 2024 onwards.

2 Recommendations

That Cabinet:

- 2.1 Approves commencement of the procurement for Responsive Repair & Maintenance Services, Gas Servicing and Capital Improvement Work Programmes (as including Major

Adaptations to Council Housing Stock) regarding the Council's housing stock in all areas of Birmingham as detailed in this report subject to approval of the Procurement Strategy.

- 2.2 Delegates authority to the Strategic Director for City Housing, in conjunction with the Assistant Director Corporate Procurement (or their delegate), the Strategic Director of Council Management (or their delegate), and the City Solicitor (or their delegate) and in consultation with the Cabinet Member for Finance and Resources and the Cabinet Member for Housing and Homelessness, to approve the procurement strategy.
- 2.3 Authorises the Strategic Director of City Housing in conjunction with the Assistant Director Corporate Procurement (or their delegate), the Strategic Director of Council Management (or their delegate), and the City Solicitor (or their delegate) to award the contract to the successful bidder(s).
- 2.4 Delegates authority to the Strategic Director for City Housing, in conjunction with the Assistant Director Corporate Procurement (or their delegate), the Cabinet Member for Housing and Homelessness, the Strategic Director of Council Management (or their delegate), and the City Solicitor (or their delegate) to take up the option to extend the contract for one period of five years subject to satisfactory performance and the achievement of contractual cost and prescribed Key Performance Indicators, or not take up an option to extend and to re-procure any contract(s) as necessary.
- 2.5 Authorises the Strategic Director of City Housing in conjunction with the Assistant Director Corporate Procurement (or their delegate), the Strategic Director of Council Management (or their delegate), and the City Solicitor (or their delegate) to activate the contingency plan (as set out at Section 6.4) if a delay in the procurement puts at risk the new contracts being in place from the 1st April 2024 to comply with the statutory obligation to carry out the repairs and maintenance of its housing stock.
- 2.6 Delegates authority to the Strategic Director for City Housing, in conjunction with the Assistant Director Corporate Procurement (or their delegate), the Strategic Director of Council Management (or their delegate), and the City Solicitor (or their delegate) to review depot usage with consideration for disposal, with the capital receipts ringfenced to the Housing Revenue Account for housing investment, any request for disposal/ringfencing will be submitted to Cabinet for approval.
- 2.7 Authorises the City Solicitor to execute and complete any documents to give effect to the above.

3 Background

- 3.1 The current contracts for the provision of Responsive Repair & Maintenance Services, Gas Servicing and Capital Improvement Work Programmes (including Major Adaptations to Council Housing Stock) relating to the Council's housing stock expire on 31st March 2024.
- 3.2 The service has faced challenges, in so far as repairs demand is high at 4.4 repairs per property compared to the national average of 3.3, with an historic lack of investment in the stock, this can be a challenge for service providers. However, performance in 2022/23 has significantly improved across all key performance indicators, resulting in improved customer satisfaction and reduced complaints. The Council expects to see continual improvements in performance as it drives to deliver an enhanced end-to-end customer experience. Current performance against key performance indicator targets has been set out at Appendix 1.

- 3.3 In June 2021 Trowers and Hamlins undertook a high-level options appraisal of suitable delivery models which best align with Birmingham City Council's (BCC) long-term investment and asset management and maintenance programme of works to existing and future housing stock (Appendix 2).
- 3.4 The Capital Investment and Repairs Team have undertaken a subsequent review of the service from an operational perspective with consideration of the pros and cons of the current contract provision versus alternative provisions.
- 3.5 This recommission provides the Council with a great opportunity to be bold and innovative in its approach. It affords the Council the potential to build on the collaborative nature of the previous arrangements and to give consideration to a "Strategic Partnership" approach, providing long term sustainable employment opportunities for local people, whilst providing the Council with flexibility in service delivery.
- 3.6 The recommission will also embed our commitments to customers outlined in our customer service strategy and our intentions to improve the end to end customer journey and overall experience of our customers who engage with the service. Enhancement of digital solutions and online capability will be front and center of our vision, looking at best practice and opportunities to harness integrated systems and advances in digital technology to improve the overall customer experience.
- 3.7 Ark Consultancy have been engaged to provide technical advisory support to guide and validate BCCs approach including;
 - 3.7.1 providing sector specific expertise and insights in respect of housing repairs and maintenance and innovation in construction practices to optimise value over the whole life of the housing stock in determining the best route to market and undertaking relevant soft market testing;
 - 3.7.2 delivering stakeholder engagement and consultation, including residents, elected members, leaseholders and Trade Unions, to inform the tender;
 - 3.7.3 providing best practice procurement advice to inform the tender documents;
 - 3.7.4 providing project management services to support the delivery of the recommission.
- 3.8 Soft Market Testing has been carried out by Ark to consider the key elements of the contract(s). The soft market test report proposes that BCC:
 - 3.8.1 uses their bespoke contract and ensures there is clarity and ease of navigation throughout the contract and the associated contract documentation.
 - 3.8.2 uses Price Per Property (PPP), Price Per Void (PPV), Price Per Gas (PPG) pricing mechanisms with a limited set of exclusions in order to mitigate the impact of risk-pricing.
 - 3.8.3 continues to combine all workstreams (responsive, void, gas, cyclical and planned works) – this option will provide BCC with fully committed contractors, who are focused on working in partnership, delivery at scale, a more proactive approach to asset management and which encourages a continuous improvement ethos and ability to innovate.
 - 3.8.4 tenders for 3 or 4 Contracts which will provide BCC with contractors who will want to bid for and invest in the contract, but will also potentially attract wider competition than with fewer larger Lots. They will be strategically and operationally motivated to deliver common goals with BCC and work in partnership. This option reduces the risk of contractor underperformance, creates more manageable contracts and

contingency options (should failure occur), and engenders healthy competition and the ability for BCC to benchmark financial and operational performance.

3.8.5 sets the contract term for a potential maximum ten year contract period overall. The contract should include a 12 month 'no fault' break clause for client and contractor (cannot be triggered before the 3rd anniversary of the initial contract period expiry date).

3.9 A recent procurement exercise undertaken for the recommissioning of the service in the South area of the City resulted in a legal challenge from the unsuccessful bidder. To mitigate against the risk of a similar outcome, external legal advice will be procured as a critical friend to provide advice on the tender documentation / procurement approach to mitigate against future challenge.

4 Options considered and Recommended Proposal

4.1 Consideration has been given to the following elements of the service provision. These have been reviewed, tested with the market, with recommendations validated by third party consultants Ark. (See Appendix 3).

4.1.1 Delivery model

4.1.1.1. A SWOT analysis has been carried out against all potential delivery models (Appendix 4). It is recommended that the current contract, with some adjustments, is used. The contract is currently under review to incorporate improved customer experience and end to end customer journey enhancements for 2024 as well as increasing online digital capability and inclusion. Further service improvements are also included such as improvements to the void standard and additional KPIs to help monitor areas where performance can be improved, taking into account lessons learned over the duration of the existing contracts. There will be an added contractual requirement to publish performance outturns to customers. The documents are also being reviewed to reflect a more partnering approach and increase emphasis on social value and sustainability. Route to Zero aspirations will also be incorporated in line with the Housing Strategy.

4.1.2 Payment model

4.1.2.1. 'Price per' payment mechanisms work well currently and gives cost certainty for the Council for the repairs element and allows the capital works programme to be amended based on budget availability year on year. It also avoids excessive unnecessary year on year or job by job negotiations on price, hence allowing the primary focus during the contract period to be on service delivery.

4.1.3 Contract split – workstream and geographical

4.1.3.1. The recommendation is that there will continue to be one delivery model for all workstreams including repairs and maintenance, gas servicing and capital investment inclusive of major adaptations. This makes the contract more attractive to potential tenderers as more lucrative works such as the capital investment drive the performance for the less lucrative repairs and maintenance works.

4.1.4 Consideration has been given to the geographical split of the city to realise economies of scale and limit the risks of poor performance or if a contractor is

placed under administration. The potential options are detailed in the SWOT analysis at Appendix 5. Following consultation with the Corporate Leadership Team, The Project Director – Asset Management, recommends there are two contract areas covering the City, with North, Central West and East (38,000 properties) allowing for a smaller contract to be awarded on the South (22,000 properties), to ensure the delivery of the strategic objectives of the city for the next 10 years. This would maintain the current 2/3rds 1/3rd split that we have moved to since April 2022. This approach will attract competition from all of the large nationally recognised providers as well as enabling smaller providers to bid for the smaller geographical lot, giving a perfect blend of competition, high performance, capability and capacity.

4.1.5 Duration of contract

- 4.1.5.1. The recommendation is that there is a five year contract, with an additional one period of five years through a contract extension process. The initial term takes account of overheads, investment equipment, risk, savings, impact on price per property etc. The expectation is that contractors will make pricing decisions based on the maximum ten year contract period, given that the extension option may be triggered by acceptable performance levels and agreeable commercial terms.

4.1.6 Depot Rationalisation

- 4.1.6.1. The current four depot sites across the City can attract income with the potential for disposal to provide land for alternative use / income. The proposal is for one depot to remain to provide office accommodation for BCC staff, in addition to requesting the successful service provider(s) to provide office space for BCC staff when required to support collaborative working. The recommendation is that capital receipts from the disposal/sales are ringfenced to initially invest in the remaining depot to ensure it is fit for purpose and any additional receipts to be reinvested into the City's Housing Investment programme improving the decency standard of council housing stock. The four depots have been initially reviewed by Inclusive Growth. This review has indicated that there are no initial barriers to disposal with two depots (College Road and Stonebrook Way) lending themselves to potential residential development, and the remaining two (Kings Road and Mole Street) more suitable for industrial development. Based on this initial finding it is proposed to explore development options for Mole Street and Kings Road to make a modern workplace hub to align with the agile working approach of the City utilising the capital receipts from the disposal.

5 Consultation

- 5.1 Leader of City Council, Councillor Ian Ward has been consulted on this report and supports the proposals.
- 5.2 We will continue to work with residents, housing management teams and elected members to inform them as the process progresses. Ark will establish consultation groups to seek opinions of all stakeholders throughout the preparation of the tender documentation and this consultation will inform the final tender and evaluation mechanism, ensuring residents priorities are reflected.

6 Risk Management

- 6.1 Risks will be identified, evaluated and controlled in line with the Birmingham City Council Risk Management Methodology 2017. A comprehensive risk register is attached as Appendix 6.
- 6.2 The re-procurement of any services for the next contract duration will attract a higher cost to the HRA than in current years. It should be noted that there is no cost to advertise this contract in the new Find a Tender service portal.
- 6.3 The soft market testing exercise conducted by Ark has confirmed that the contract is attractive to service providers in the marketplace, which indicates there should be a reasonable level of competition in the procurement.
- 6.4 Contingency arrangements have been considered in the event that the new contracts will not be in place by 1st April 2024 with the recommended option being to modify the current contracts during their term to continue with the current service providers on a short-term basis. The different options considered are set out in Appendix 7.

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 Corporate Plan 2022-2026 outcomes to be a Bold Inclusive Birmingham, a Bold Safe Birmingham and a Bold Green Birmingham as well as Everyone's Battle Everyone's Business Birmingham's Equality Strategy and Action Plan 2021 – 2023 to tackle inequality through a partnering approach.
- 7.1.2 Improving the Council owned housing stock directly contributes to the strategic outcomes of the Corporate Plan. Stock improvements will impact upon the other strategic outcomes, most notably on the aspiration for healthy communities and the Route to Net Zero. The Council will upgrade the thermal performance of its stock through a range of energy efficient measures. 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 Route to Zero ambition to be net zero carbon by 2030 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), Social Housing Decarbonisation Fund (SHDF) and any other funding routes that may become available in the future, to support its net zero carbon ambition.
- 7.1.3 The Council and its contractors will work with local educational and training facilities providing opportunities for young people to learn about skills and apprenticeships within the building/construction industry.
- 7.1.4 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.
- 7.1.5 The Council and its contractors will ensure that all waste is recycled appropriately, that their carbon footprints are reduced using electric or hybrid vehicles where possible.
- 7.1.6 The Council and its contractors will contribute to any homeless reduction initiatives by providing empty properties for reallocation within the appropriate timescales.
- 7.2 Birmingham Business Charter for Social Responsibility (BBC4SR). Compliance with the BBC4SR and the Living Wage Policy will be mandatory delivery requirements under the

contract terms and conditions, with tenderers proposing social value commitments in accordance with the Social Value requirements that are proportionate to the value of the contract. These action plans, submitted with their tender proposals, will be proactively monitored and managed during the period of the contract and reported on as part of the agreed suite of operational and commercial Key Performance Indicator (KPI) metrics.

7.3 Legal Implications

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

7.3.2 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 expires on 31st March 2024, and in order for the same services to be carried out by an external provider, the work needs to be re-tendered under a public procurement process.

7.4 Financial Implications

7.4.1 There will be costs associated with the additional consultancy resources utilised to deliver the project. This is estimated as £500k over the course of 18 months. This will be funded from existing HRA budget and will not impact on the approved general fund budget.

7.4.2 Based on current contract rates, the potential value of the contract is £140m per annum, over a 10-year contract the indicative value is £1.4bn which is funded in the HRA business plan.

7.4.3 The overall impact on the HRA will be known upon receipt of tenders, however due to the nature of the contracts, the current issues in the market and the quality of the housing stock and there is highly likely to be an increase in cost of service provision in comparison to current service provision. This will be incorporated into the HRA budget to ensure there are no funding implications on the Council general fund.

7.4.4 Due to the nature of the 'price per' payment mechanism, the costs provided at tender will provide cost certainty throughout the term of the contract.

7.4.5 There are no VAT issues from the recommendations in the paper. For the contract itself, different VAT rates will be applicable depending on the type of work carried out, but it is the responsibility of the provider to apply the correct level of VAT to invoices, which the Council will then reclaim.

7.5 Procurement Implications

7.5.1 The procurement will be conducted compliantly with the Public Contracts Regulations 2015 and the Council's Procurement and Contract Governance Rules.

7.5.2 The procurement route to market is likely to follow the Competitive Procedure with Negotiation, which may contain a number of stages. This procedure allows the Council to negotiate with bidders the initial and all subsequent tenders submitted by them, to improve their content.

7.5.2.1. Stage 1 – Selection Stage – The selection stage consists of qualification questions to select Individuals / Organisations. The questionnaire will be based on mandatory and discretionary exclusion criteria as well as contract specific questions.

- 7.5.2.2. Suppliers will be required to pass Stage 1 in order to progress to stage 2. Those suppliers who are unsuccessful in their submission, will be provided with feedback and will take no further part in the procurement. The Council may limit the number of suitable bidders to be taken through to stage 2.
- 7.5.2.3. Stage 2 – Tender Stage – the shortlisted bidders will be invited to tender for the requirements. The Council is required to set out its minimum requirements and award criteria, which shall not be subject to negotiation.
- 7.5.2.4. The procurement may continue in successive stages to reduce the number of solutions and the Council may carry out negotiations on the initial and any subsequent tenders. No negotiations are allowed on final tenders received.
- 7.5.2.5. The Council may reserve the right not to go through with any negotiations, which allows the Council to either proceed with a negotiation process or to award the contract following evaluation of initial tenders, saving costs and time.
- 7.5.3 Ark Consultancy are providing specialist, technical advice and support and their in-depth market knowledge to work with the Corporate Procurement Service to develop the procurement strategy and support development of the tender documents. They will also be providing advice on best practice procurement approach in terms of repairs and maintenance and construction contracts. Consideration will be given to commercial models and approach along with evaluation criteria and scope of services. Ark have undertaken a soft market testing exercise and are also engaging with stakeholders to inform the procurement approach.

7.5.4 The proposed procurement timetable is set out below.

Procurement Phase	Dates
Stage 1: Selection Questionnaire (SQ)	
Publication of advertisement	03/01/2023
SQ issued (including draft tender documents and contract)	03/01/2023
SQ submission deadline	17/02/2023
Evaluation period	20/02/2023-10/03/2023
Notification to Applicants	24/03/2023
Stage 2: Initial Tenders	
Issue Invitation to submit Initial Tenders (ISIT) to shortlisted Tenderers	27/03/2023
ISIT submission deadline	05/05/2023
Evaluation period	08/05/2023-12/06/2023
Notification to Tenderers	30/06/2023
Stage 3: Negotiations	
Negotiation meetings	July 2023
Stage 4: Final Tenders	

Issue Invitation to submit Final Tenders (ISFT) to shortlisted Tenderers	31/07/2023
ISFT submission deadline	August 2023
Evaluation period	August-September 2023
Internal governance	September 2023
Section 20 notification to leaseholders	September 2023
Notification to Tenderers	November 2023
Standstill	November 2023
Commencement date of contract	1 April 2024

7.5.5 The Council will reserve the right to award contracts following submission of initial tenders. In which case, the mobilisation period will be approximately seven months.

7.5.6 If the Council proceeds through the negotiation phase and final tenders, the mobilisation period will be approximately four months.

7.6 Human Resources Implications (if required)

7.6.1 Officers of City Housing are leading the delivery of the recommission with support from specialist technical, legal and project management resources.

7.7 Public Sector Equality Duty

7.7.1 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.

7.7.2 The Equality Impact Assessment is attached at Appendix 8.

8 Background Documents

9 Appendices

- 9.1 Appendix 1 – Performance Data
- 9.2 Appendix 2 – Trowers and Hamlins Report
- 9.3 Appendix 3 – Soft market testing outcomes
- 9.4 Appendix 4 – Delivery Model Options SWOT
- 9.5 Appendix 5 – Geographical Split SWOT
- 9.6 Appendix 6 – Risk Register
- 9.7 Appendix 7 – Contingency Plan
- 9.8 Appendix 8 – Equality Assessment
- 9.9 Appendix 9 – Environment Sustainability Assessment

Appendix 1

NORTH PERIOD	North Period (Monthly Comparison)										
	North (Period) 2021/22	KPI Type	Source	Target	Standard	Apr	May	Jun	Jul	Aug	Sep
	KPI001 - Customer Satisfaction	PRP	Northgate	95.1%	92.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	KPI002 - Work completed within timescale	PRP	Northgate	92.6%	87.9%	96.1%	94.1%	92.9%	93.9%	93.5%	94.1%
	KPI004 - Service Improvement Notices	PRP	Northgate	0	2	0	0	0	0	0	0
	KPI005 - Safety SINS	PRP	Northgate	0	1 or more	0	0	0	0	0	0
	KPI006 – Properties with a valid Landlord Gas Safety Record	PRP	Northgate	100.0%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	KPI007 - Appointments made within 10 minutes	PRP	Northgate	98.1%	94.9%	99.2%	99.5%	99.4%	99.4%	99.7%	99.7%
	KPI008 - Appointments kept	PRP	Northgate	98.1%	94.9%	98.3%	98.7%	98.4%	98.5%	98.9%	99.1%
	KPI009 – Compliance with No Access Process	Non-PRP	Northgate	98.1%	94.9%	99.3%	99.8%	99.4%	99.2%	99.0%	99.8%
	KPI014 – New work orders not resulting in a contractor Customer Resolution Enquiry	Non-PRP	Northgate	90.0%	85.0%	97.5%	98.8%	98.7%	97.8%	97.9%	98.6%
	KPI015 - Timely provision of information to allow leaseholder recharge	Non-PRP	Contractor	98.1%	94.9%	-	-	-	-	-	-
	KPI016 - Works orders not resulting in Customer Complaints	Non-PRP	Northgate	95.1%	92.9%	99.7%	99.6%	99.5%	99.6%	99.7%	99.8%
	KPI017 - Customer Satisfaction Request Rate	Non-PRP	Northgate	75.1%	69.9%	92.0%	94.1%	93.5%	95.8%	99.5%	98.0%
	High level KPI 3 - We will respond to council housing emergency repairs within 2 hours	Part of KPI008	Northgate	98.1%	94.9%	99.4%	98.7%	98.8%	99.6%	100.0%	99.8%
	High level KPI 4 - We will resolve council housing routine repairs within 30 days	Part of KPI002	Northgate	92.6%	-	98.9%	96.8%	97.0%	97.3%	97.4%	97.1%
	High level KPI 1 - Percentage of gas servicing completed against period profile. This is a YTD profile		Northgate	98.0%		99.8%	99.6%	99.5%	99.7%	99.8%	99.8%
	High level KPI 2 - Right to Repair jobs completed on time for Council tenants	Part of KPI002	Northgate	92.6%	87.9%	94.5%	94.5%	95.3%	94.5%	95.2%	93.7%

NORTH PERIOD	Equans North Period (Monthly Comparison)										
	Equans North (Period) 2022/23	KPI Type	Source	Target	Standard	Apr	May	Jun	Jul	Aug	Sep
	KPI001 - Customer Satisfaction	PRP	Northgate	95.1%	92.9%	100.0%	99.0%	99.9%	100.0%	100.0%	100.0%
	KPI002 - Work completed within timescale	PRP	Northgate	92.6%	87.9%	94.5%	94.5%	93.9%	93.9%	93.9%	94.0%
	KPI004 - Service Improvement Notices	PRP	Northgate	0	2	0	0	0	0	0	0
	KPI005 - Safety SINS	PRP	Northgate	0	1 or more	0	0	0	0	0	0
	KPI006 – Properties with a valid Landlord Gas Safety Record	PRP	Northgate	100.0%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	KPI007 - Appointments made within 10 minutes	PRP	Northgate	98.1%	94.9%	99.7%	99.6%	99.5%	99.9%	99.5%	99.9%
	KPI008 - Appointments kept	PRP	Northgate	98.1%	94.9%	98.5%	98.4%	98.3%	98.9%	99.8%	99.0%
	KPI009 – Compliance with No Access Process	Non-PRP	Northgate	98.1%	94.9%	98.6%	99.7%	99.5%	99.6%	99.5%	99.9%
	KPI014 – New work orders not resulting in a contractor Customer Resolution Enquiry	Non-PRP	Northgate	90.0%	85.0%	98.4%	99.3%	98.8%	99.5%	99.4%	99.5%
	KPI015 - Timely provision of information to allow leaseholder recharge	Non-PRP	Contractor	98.1%	94.9%	-	-	-	-	-	-
	KPI016 - Works orders not resulting in Customer Complaints	Non-PRP	Northgate	95.1%	92.9%	99.8%	99.8%	99.7%	99.5%	99.6%	100.0%
	KPI017 - Customer Satisfaction Request Rate	Non-PRP	Northgate	75.1%	69.9%	91.6%	95.7%	95.0%	94.2%	93.9%	86.0%
	High level KPI 3 - We will respond to council housing emergency repairs within 2 hours	Part of KPI008	Northgate	98.1%	94.9%	99.2%	99.0%	98.6%	99.6%	99.5%	99.2%
	High level KPI 4 - We will resolve council housing routine repairs within 30 days	Part of KPI002	Northgate	92.6%	-	97.1%	97.9%	98.7%	99.0%	98.6%	98.9%
	High level KPI 1 - Percentage of gas servicing completed against period profile. This is a YTD profile		Northgate	98.0%		99.8%	99.9%	99.9%	99.8%	100.0%	100.0%
	High level KPI 2 - Right to Repair jobs completed on time for Council tenants	Part of KPI002	Northgate	92.6%	87.9%	93.5%	94.1%	93.4%	92.6%	92.8%	91.9%

EAST PERIOD	East Period (Monthly Comparison)										
	East (Period) 2021/22	KPI Type	Source	Target	Standard	Apr	May	Jun	Jul	Aug	Sep
	KPI001 - Customer Satisfaction	PRP	Northgate	95.1%	92.9%	100.0%	100.0%	99.9%	99.9%	99.9%	99.8%
	KPI002 - Work completed within timescale	PRP	Northgate	92.6%	87.9%	89.5%	90.6%	88.9%	89.5%	90.7%	93.4%
	KPI004 - Service Improvement Notices	PRP	Northgate	0	2	0	0	0	0	0	0
	KPI005 - Safety SInS	PRP	Northgate	0	1 or more	0	0	0	0	0	0
	KPI006 – Properties with a valid Landlord Gas Safety Record	PRP	Northgate	100.0%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	KPI007 - Appointments made within 10 minutes	PRP	Northgate	98.1%	94.9%	99.6%	99.4%	99.2%	99.6%	99.5%	99.6%
	KPI008 - Appointments kept	PRP	Northgate	98.1%	94.9%	95.9%	96.2%	95.7%	96.0%	96.0%	96.0%
	KPI009 – Compliance with No Access Process	Non-PRP	Northgate	98.1%	94.9%	99.8%	98.3%	99.3%	98.6%	93.6%	94.4%
	KPI014 – New work orders not resulting in a contractor Customer Resolution Enquiry	Non-PRP	Northgate	90.0%	85.0%	92.4%	96.3%	98.2%	99.1%	98.8%	98.6%
	KPI015 - Timely provision of information to allow leaseholder recharge	Non-PRP	Contractor	98.1%	94.9%	-	-	-	-	-	-
	KPI016 - Works orders not resulting in Customer Complaints	Non-PRP	Northgate	95.1%	92.9%	99.2%	99.3%	98.9%	98.7%	99.3%	99.2%
	KPI017 - Customer Satisfaction Request Rate	Non-PRP	Northgate	75.1%	69.9%	77.1%	75.1%	73.3%	80.7%	82.5%	69.9%
	High level KPI 3 - We will respond to council housing emergency repairs within 2 hours	Part of KPI008	Northgate	98.1%	94.9%	98.3%	98.2%	98.0%	97.3%	97.6%	98.2%
	High level KPI 4 - We will resolve council housing routine repairs within 30 days	Part of KPI002	Northgate	92.6%	-	95.0%	94.6%	93.2%	92.8%	93.7%	95.5%
	High level KPI 1 - Percentage of gas servicing completed against period profile. This is a YTD profile		Northgate	98.0%		99.4%	98.6%	98.2%	98.0%	99.3%	99.8%
	High level KPI 2 - Right to Repair jobs completed on time for Council tenants	Part of KPI002	Northgate	92.6%	87.9%	90.5%	90.2%	91.0%	89.7%	90.6%	93.4%

EAST PERIOD	East Period (Monthly Comparison)										
	East (Period) 2022/23	KPI Type	Source	Target	Standard	Apr	May	Jun	Jul	Aug	Sep
	KPI001 - Customer Satisfaction	PRP	Northgate	95.1%	92.9%	99.8%	99.9%	99.9%	100.0%	100.0%	100.0%
	KPI002 - Work completed within timescale	PRP	Northgate	92.6%	87.9%	96.2%	95.2%	93.9%	92.8%	92.8%	94.7%
	KPI004 - Service Improvement Notices	PRP	Northgate	0	2	0	0	0	0	0	0
	KPI005 - Safety SInS	PRP	Northgate	0	1 or more	0	0	0	0	0	0
	KPI006 – Properties with a valid Landlord Gas Safety Record	PRP	Northgate	100.0%	99.9%	N/A	100.0%	100.0%	100.0%	100.0%	100.0%
	KPI007 - Appointments made within 10 minutes	PRP	Northgate	98.1%	94.9%	99.7%	99.5%	99.3%	99.8%	99.4%	99.8%
	KPI008 - Appointments kept	PRP	Northgate	98.1%	94.9%	97.7%	98.4%	98.3%	98.2%	99.1%	95.6%
	KPI009 – Compliance with No Access Process	Non-PRP	Northgate	98.1%	94.9%	95.6%	94.3%	99.0%	99.4%	99.5%	98.7%
	KPI014 – New work orders not resulting in a contractor Customer Resolution Enquiry	Non-PRP	Northgate	90.0%	85.0%	97.1%	99.0%	98.1%	99.0%	99.5%	99.3%
	KPI015 - Timely provision of information to allow leaseholder recharge	Non-PRP	Contractor	98.1%	94.9%	-	-	-	-	-	-
	KPI016 - Works orders not resulting in Customer Complaints	Non-PRP	Northgate	95.1%	92.9%	99.9%	99.7%	99.7%	99.2%	99.6%	100.0%
	KPI017 - Customer Satisfaction Request Rate	Non-PRP	Northgate	75.1%	69.9%	57.9%	89.3%	95.5%	94.1%	94.1%	86.9%
	High level KPI 3 - We will respond to council housing emergency repairs within 2 hours	Part of KPI008	Northgate	98.1%	94.9%	98.5%	98.3%	99.0%	98.5%	98.0%	98.8%
	High level KPI 4 - We will resolve council housing routine repairs within 30 days	Part of KPI002	Northgate	92.6%	-	100.0%	99.1%	97.7%	96.5%	96.2%	97.3%
	High level KPI 1 - Percentage of gas servicing completed against period profile. This is a YTD profile		Northgate	98.0%		98.8%	95.8%	98.7%	99.8%	100.0%	100.0%
	High level KPI 2 - Right to Repair jobs completed on time for Council tenants	Part of KPI002	Northgate	92.6%	87.9%	95.3%	94.1%	94.1%	93.0%	94.6%	96.8%

West Central Period (Monthly Comparison)

WEST CENTRAL PERIOD

West Central (Period) 2021/22	KPI Type	Source	Target	Standard	Apr	May	Jun	Jul	Aug	Sep
KPI001 - Customer Satisfaction	PRP	Northgate	95.1%	92.9%	100.0%	100.0%	100.0%	100.0%	99.9%	99.8%
KPI002 - Work completed within timescale	PRP	Northgate	92.6%	87.9%	89.1%	89.4%	85.4%	89.9%	91.7%	92.0%
KPI004 - Service Improvement Notices	PRP	Northgate	0	2	0	0	0	0	0	0
KPI005 - Safety SInS	PRP	Northgate	0	1 or more	0	0	0	0	0	0
KPI006 – Properties with a valid Landlord Gas Safety Record	PRP	Northgate	100.0%	99.9%	100.0%	100.0%	100.0%	100.0%	99.9%	100.0%
KPI007 - Appointments made within 10 minutes	PRP	Northgate	98.1%	94.9%	99.8%	99.9%	99.7%	99.6%	99.2%	99.5%
KPI008 - Appointments kept	PRP	Northgate	98.1%	94.9%	95.8%	96.1%	94.4%	95.6%	90.7%	95.8%
KPI009 – Compliance with No Access Process	Non-PRP	Northgate	98.1%	94.9%	99.7%	99.1%	98.1%	99.4%	97.8%	98.3%
KPI014 – New work orders not resulting in a contractor Customer Resolution Enquiry	Non-PRP	Northgate	90.0%	85.0%	89.9%	93.9%	97.9%	98.8%	98.3%	98.4%
KPI015 - Timely provision of information to allow leaseholder recharge	Non-PRP	Contractor	98.1%	94.9%	-	-	-	-	-	-
KPI016 - Works orders not resulting in Customer Complaints	Non-PRP	Northgate	95.1%	92.9%	99.2%	99.4%	98.9%	99.2%	99.5%	99.2%
KPI017 - Customer Satisfaction Request Rate	Non-PRP	Northgate	75.1%	69.9%	81.2%	81.4%	76.4%	85.6%	83.2%	73.5%
High level KPI 3 - We will respond to council housing emergency repairs within 2 hours	Part of KPI008	Northgate	98.1%	94.9%	98.3%	98.0%	98.3%	98.7%	95.8%	98.1%
High level KPI 4 - We will resolve council housing routine repairs within 30 days	Part of KPI002	Northgate	92.6%	-	95.9%	94.8%	93.1%	93.6%	95.2%	96.2%
High level KPI 1 - Percentage of gas servicing completed against period profile. This is a YTD profile		Northgate	98.0%		99.7%	99.3%	99.2%	99.8%	99.9%	100.0%
High level KPI 2 - Right to Repair jobs completed on time for Council tenants	Part of KPI002	Northgate	92.6%	87.9%	91.6%	90.9%	87.4%	93.3%	92.6%	91.6%

WEST CENTRAL PERIOD

West Central Period (Monthly Comparison)										
West Central (Period) 2022/23	KPI Type	Source	Target	Standard	Apr	May	Jun	Jul	Aug	Sep
KPI001 - Customer Satisfaction	PRP	Northgate	95.1%	92.9%	99.5%	98.1%	99.8%	99.2%	99.7%	99.6%
KPI002 - Work completed within timescale	PRP	Northgate	92.6%	87.9%	95.1%	92.8%	94.8%	94.9%	94.2%	93.0%
KPI004 - Service Improvement Notices	PRP	Northgate	0	2	0	0	0	0	0	0
KPI005 - Safety SInS	PRP	Northgate	0	1 or more	0	0	0	0	0	0
KPI006 – Properties with a valid Landlord Gas Safety Record	PRP	Northgate	100.0%	99.9%	N/A	100.0%	100.0%	100.0%	100.0%	100.0%
KPI007 - Appointments made within 10 minutes	PRP	Northgate	98.1%	94.9%	99.8%	99.8%	99.6%	99.7%	99.5%	100.0%
KPI008 - Appointments kept	PRP	Northgate	98.1%	94.9%	96.9%	98.2%	98.2%	98.8%	99.3%	93.2%
KPI009 – Compliance with No Access Process	Non-PRP	Northgate	98.1%	94.9%	96.5%	96.5%	99.6%	98.8%	99.4%	98.3%
KPI014 – New work orders not resulting in a contractor Customer Resolution Enquiry	Non-PRP	Northgate	90.0%	85.0%	97.0%	98.8%	97.6%	99.0%	98.7%	98.8%
KPI015 - Timely provision of information to allow leaseholder recharge	Non-PRP	Contractor	98.1%	94.9%	-	-	-	-	-	-
KPI016 - Works orders not resulting in Customer Complaints	Non-PRP	Northgate	95.1%	92.9%	99.9%	99.8%	99.6%	99.3%	99.3%	100.0%
KPI017 - Customer Satisfaction Request Rate	Non-PRP	Northgate	75.1%	69.9%	38.0%	95.0%	95.4%	96.4%	95.7%	90.3%
High level KPI 3 - We will respond to council housing emergency repairs within 2 hours	Part of KPI008	Northgate	98.1%	94.9%	98.4%	98.5%	98.9%	99.6%	98.8%	99.1%
High level KPI 4 - We will resolve council housing routine repairs within 30 days	Part of KPI002	Northgate	92.6%	-	100.0%	99.7%	98.5%	97.6%	97.6%	97.7%
High level KPI 1 - Percentage of gas servicing completed against period profile. This is a YTD profile		Northgate	98.0%		99.6%	96.9%	99.6%	99.9%	100.0%	100.0%
High level KPI 2 - Right to Repair jobs completed on time for Council tenants	Part of KPI002	Northgate	92.6%	87.9%	94.4%	93.0%	94.8%	95.5%	94.6%	93.9%

South Period (Monthly Comparison)

South (Period) 2021/22	KPI Type	Source	Target	Standard	Apr	May	Jun	Jul	Aug	Sep
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SOUTH PERIOD	KPI001 - Customer Satisfaction	PRP	Northgate	95.1%	92.9%	100.0%	100.0%	100.0%	99.9%	99.9%	100.0%
	KPI002 - Work completed within timescale	PRP	Northgate	92.6%	87.9%	91.9%	95.6%	96.1%	93.0%	92.7%	92.9%
	KPI004 - Service Improvement Notices	PRP	Northgate	0	2	0	0	0	3	1	0
	KPI005 - Safety SInS	PRP	Northgate	0	1 or more	0	0	0	0	0	0
	KPI006 – Properties with a valid Landlord Gas Safety Record	PRP	Northgate	100.0%	99.9%	100.0%	100.0%	98.1%	99.9%	100.0%	100.0%
	KPI007 - Appointments made within 10 minutes	PRP	Northgate	98.1%	94.9%	99.1%	99.6%	99.1%	99.6%	99.4%	99.6%
	KPI008 - Appointments kept	PRP	Northgate	98.1%	94.9%	98.6%	98.8%	99.3%	98.6%	98.2%	98.1%
	KPI009 – Compliance with No Access Process	Non-PRP	Northgate	98.1%	94.9%	99.4%	91.8%	25.9%	30.1%	76.1%	97.4%
	KPI014 – New work orders not resulting in a contractor Customer Resolution Enquiry	Non-PRP	Northgate	90.0%	85.0%	96.7%	97.2%	98.4%	98.8%	98.1%	98.5%
	KPI015 - Timely provision of information to allow leaseholder recharge	Non-PRP	Contractor	98.1%	94.9%	-	-	-	-	-	-
	KPI016 - Works orders not resulting in Customer Complaints	Non-PRP	Northgate	95.1%	92.9%	99.4%	99.6%	99.1%	99.4%	99.4%	99.3%
	KPI017 - Customer Satisfaction Request Rate	Non-PRP	Northgate	75.1%	69.9%	79.8%	79.1%	76.4%	73.4%	83.7%	74.7%
	High level KPI 3 - We will respond to council housing emergency repairs within 2 hours	Part of KPI008	Northgate	98.1%	94.9%	98.6%	98.4%	99.1%	98.1%	96.2%	98.0%
	High level KPI 4 - We will resolve council housing routine repairs within 30 days	Part of KPI002	Northgate	92.6%	-	96.6%	98.7%	97.5%	96.0%	95.7%	95.2%

High level KPI 1 - Percentage of gas servicing completed against period profile. This is a YTD profile		Northgate	98.0%	
High level KPI 2 - Right to Repair jobs completed on time for Council tenants	Part of KPI002	Northgate	92.6%	87.9%

SOUTH PERIOD	South Period (Monthly Comparison)										
	South (Period) 2022/23	KPI Type	Source	Target	Standard	Apr	May	Jun	Jul	Aug	Sep
	KPI001 - Customer Satisfaction	PRP	Northgate	95.1%	92.9%	99.9%	100.0%	99.9%	100.0%	99.9%	99.9%
	KPI002 - Work completed within timescale	PRP	Northgate	92.6%	87.9%	92.9%	93.2%	93.3%	92.4%	93.5%	87.2%
	KPI004 - Service Improvement Notices	PRP	Northgate	0	2	0	0	0	0	0	0
	KPI005 - Safety SInS	PRP	Northgate	0	1 or more	1	0	0	0	0	0
	KPI006 – Properties with a valid Landlord Gas Safety Record	PRP	Northgate	100.0%	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	KPI007 - Appointments made within 10 minutes	PRP	Northgate	98.1%	94.9%	99.4%	99.5%	99.3%	99.8%	99.5%	99.9%
	KPI008 - Appointments kept	PRP	Northgate	98.1%	94.9%	98.4%	98.7%	98.8%	98.2%	98.6%	97.1%
	KPI009 – Compliance with No Access Process	Non-PRP	Northgate	98.1%	94.9%	99.8%	97.7%	94.6%	95.4%	97.0%	98.9%
	KPI014 – New work orders not resulting in a contractor Customer Resolution Enquiry	Non-PRP	Northgate	90.0%	85.0%	97.4%	97.5%	97.7%	97.0%	97.3%	97.9%
	KPI015 - Timely provision of information to allow leaseholder recharge	Non-PRP	Contractor	98.1%	94.9%	-	-	-	-	-	-
	KPI016 - Works orders not resulting in Customer Complaints	Non-PRP	Northgate	95.1%	92.9%	99.4%	99.4%	99.4%	99.2%	99.0%	100.0%
	KPI017 - Customer Satisfaction Request Rate	Non-PRP	Northgate	75.1%	69.9%	93.3%	86.1%	85.1%	86.9%	26.5%	57.0%
	High level KPI 3 - We will respond to council housing emergency repairs within 2 hours	Part of KPI008	Northgate	98.1%	94.9%	99.7%	98.3%	98.6%	99.1%	98.3%	98.6%
	High level KPI 4 - We will resolve council housing routine repairs within 30 days	Part of KPI002	Northgate	92.6%	-	97.0%	95.5%	93.9%	94.7%	94.8%	91.7%

High level KPI 1 - Percentage of gas servicing completed against period profile. This is a YTD profile		Northgate	98.0%		99.7%	99.9%	99.5%	99.4%	99.9%	99.2%
High level KPI 2 - Right to Repair jobs completed on time for Council tenants	Part of KPI002	Northgate	92.6%	87.9%	93.4%	95.1%	98.4%	96.7%	96.7%	89.6%



dated 23 June 2021

Birmingham City Council

Contracting Strategy: Delivery Options for the Council's asset management strategy

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1

Contracting Strategy: Delivery Options for the Council's asset management strategy

1 Introduction

- 1.1 As part of its wider HRA analysis, we have been asked to address how the Council can use its contracting strategy to release money and/or add value, and achieve its key objectives. To that end, the Council requires a high level options appraisal of suitable delivery models which best align with its objectives for its long-term investment and asset management and maintenance programme of works to existing and future stock.
- 1.2 We have provided a brief overview of five potential options for consideration. All of these have been adopted previously by different local authorities and housing associations across England. They are a broad spectrum of tried and tested delivery options. All of them are capable of delivering the wide range of works under consideration by the Council and each can be structured in order to incorporate, in due course, works required by the additional agendas of Building Safety, Net Zero and Decent Homes 2.
- 1.3 In compiling this high-level options appraisal, Trowers & Hamlin have taken into account Birmingham City Council's Cabinet Meeting Agenda Papers for Tuesday 16th March 2021 at 1000.

2 Background and context

- 2.1 The Council is seeking options for the delivery of its investment and asset management works and services. These include, but are not limited to:
- (a) Responsive repairs and maintenance works;
 - (b) Gas servicing and replacement work;
 - (c) Specialist services (electrical, legionella, asbestos, electrical testing etc.);
 - (d) Cyclical works and services;
 - (e) Capital/planned works including replacement and refurbishment; and
 - (f) Estate regeneration and new-build works.
- 2.2 Currently, the works and services are delivered by a number of different contractors, and the Council would like to explore whether there is likely to be any increase in value, quality, productivity and performance, as well as any efficiency savings, if the number of contractors is reduced going forward.
- 2.3 We have considered the different delivery options against the Council's known objectives, including:
- 2.3.1 Improved customer experience;
 - 2.3.2 moving to a more planned works model (away from reactive);
 - 2.3.3 whole estate approach to regeneration work;
 - 2.3.4 making sure the stock meets the needs of the population;

- 2.3.5 getting the most "bang" for the Birmingham £/value for money; and
- 2.3.6 enhanced social value.
- 2.4 Throughout this high-level options appraisal, Trowers & Hamlin's have assumed the following as "givens" for any option considered:
 - 2.4.1 Market acceptability (contractors are able to bid for it/their funders/Board/insurers will be able to support it/provide sign-off of the same, where appropriate).
 - 2.4.2 Governance compliance (vires, trading rules, consents);
 - 2.4.3 Legislative compliance (public procurement, section 20, TUPE and pensions);
 - 2.4.4 Policy and regulatory compliance (efficiency drivers).
- 2.5 We have not considered any particular tax issues arising, but the Council will need to note that there may be corporation tax leakage to the extent that a third party is involved in the provision of a part or parts of the works and services. Further, the Council's ability to recover any VAT will need to be kept under review.
- 2.6 The success of each option will be underpinned the Council's use of an integrated IT and communications system/call-centre required to manage customer, officer and contractor information, geographical range, stock archetypes, spread and future potential growth.
- 2.7 The options we have considered are:
 - 2.7.1 "One-stop shop"
 - 2.7.2 Insourcing
 - 2.7.3 Outsourcing
 - 2.7.4 Joint venture
 - 2.7.5 Wholly-owned subsidiary model
- 2.8 Each option needs to provide the Council with flexibility and choice in its future procurement options. They must also be flexible enough to incorporate existing contracts for investment and asset management works on their expiry.
- 2.9 As noted above, all of the options are capable of successfully delivering the wide range of works under consideration by the Council. Further, each option can be utilised and structured by the Council to assist with releasing value from the provision of the works and services to the benefit of the Council. That said, the mobilisation and structuring costs for all of these models, particularly in relation to the "one-stop shop", joint venture, wholly-owned subsidiary model and insourcing, will not be insignificant. Given this, the Council will need to ensure that its contract management of all of the options will provide it with ongoing confidence that such upfront investment will result in a reduction of future costs, an increase in asset value, and a related reduction in asset depreciation.

3 Options

3.1 We have set out below an overview of each of the options noted at Section 2.6 above and consider for each option:

3.1.1 Overview of each option

3.1.2 Key advantages

3.1.3 Key concerns

3.1.4 Variant options

3.2 "One-stop shop" Strategic Regeneration and Delivery Partner

3.2.1 Overview

This option would involve the complete outsourcing of all of the Council's asset management and investment works, including all of those works and services set out at Section 2.1 above, to a "strategic partner". This would allow the Council to appraise the life-cycle of each asset or estate with its strategic partner and enable it to think more strategically about estate regeneration, "repair or replace" decisions and overall stock investment in a way that should shift the works programme from a more reactive to a planned way of working/thinking.

The strategic partner would be given primary responsibility for delivering all of the works and services, as well as delivering on the objectives set out at section 2.3 and any additional policy requirements on the Council, such as Decent Homes 2, Net Zero and Building Safety.

The strategic partner would therefore be responsible for: compilation of a strategic pipeline of projects, annual calendar of works and efficient allocation of resources across the year to deal with cyclical and planned works as well as reactive services and voids etc. (with the overall objective to move to a more planned approach); to allocate and manage the budget accordingly, seek out opportunities for grants, third party funding and market-led opportunities to assist in delivering the Council's overall aspirations; organise the IT and communications arrangements, control the staffing (eg the entire required workforce) and HR functions, procure the relevant supply-chain and provide all relevant data and assurances to the Council in accordance with its statutory requirements and contract-led performance indicators.

The Council would still have significant oversight of the partner and sign-off all key decisions via a pre-agreed gateway process, but the partner would be tasked with and empowered to take a pro-active approach to the quality and performance of all of the Council's stock/built environment assets.

3.2.2 Key advantages

Contractor commitment to a large-scale (the largest?) contract in the market-place. It may encourage consortium bids and therefore there is the potential for the Council to take advantage of a wide-spread of industry expertise. The Council

would retain a single-point responsibility for the work and a complete contractor warranty regarding the same.

The size of this contract would also justify significant partner-investment in significant innovation asks, including market-leading IT solutions to support the operation and maintenance of the stock, social value academies, investment in researching emerging technologies (eg heat pumps, hydrogen boilers, electric fleet for workforce etc.).

Enhanced opportunity to realise efficiency savings and productivity gains across a large supply-chain base and use the contract size to require the contractor to provide opportunities for local SMEs and suppliers as well as significant social value outcomes for residents and citizens.

A consistent and integrated approach to the construction, refurbishment and maintenance of the Council's entire housing stock. A single point of contact within each organisation to ensure that any problems are resolved quickly and that performance and quality is discussed at the appropriate levels in each organisation.

3.2.3 Key concerns

Capacity and capability of current providers in the market to deliver this type of contract. The size of contractor required by this model, alongside the presumed sole provider status would narrow the market to larger national/international contractors and service providers.

Potential bidders may also need a significant time to digest and respond to this opportunity and therefore the tender period required may be significantly longer than a series of individual, smaller contracts.

Risk of contractor default/insolvency would be significant, but this could be ameliorated by setting up formal supply-chain arrangements beneath the Tier 1 strategic partner level or using this model alongside the subsidiary model noted below.

Trade Union buy-in to a market-disrupting model of delivery.

Ability to track confirmed outcomes and added value provided by the strategic partner against existing contracts. Despite the "one-stop shop" nature of the contract there would need to be a more granular approach taken to performance measurement and comparison.

3.2.4 Variant options

The one-stop shop model has been described above as an entire outsourcing model. The Council could seek to set up a "one-stop shop" joint venture model and this would reduce the impact of any contractor default/insolvency due to the Council having more oversight/proximity to the contract performance, as well as the employees being employed by the joint venture partner.

3.3 Insourcing

3.3.1 Overview

This option involves the creation of a direct labour force, held in the Council itself as a department or in a Council-owned company to act as a dedicated resource to the Council for the carrying out of the required works and services.

It can be expanded to cover all works and services, although other Councils have tended to limit the works undertaken to repairs, maintenance, voids and some planned works. Given this, the insourcing option can be used in tandem with the outsourcing of regeneration/new-build works and specialist services.

All existing outsourced staff would need to be TUPE'd either into the Council or the relevant company. Sub-contractors and suppliers will be appointed by the Council or one of its companies and will therefore need to be procured via a regulated procurement process.

The Council would be able to flow-down all of its requirements regarding resident opportunities and social value outcomes to be performed by the direct labour force and its supply-chains so will have direct influence and control over the delivery of those elements of the service.

Contract administration and cost control and management should still be a feature of this option, with the Council seeking to create cost transparency and incentivise productivity levels across the works and services.

3.3.2 Key advantages

The values of the direct labour force will mirror those of the Council and the risk of contractor default/insolvency is mitigated through the greater use of in-house resources.

Saves contractor profit margin and robust cost management and transparency will help secure efficiency savings and productivity gains.

There will be direct influence over resident opportunities and social value outcomes.

3.3.3 Key concerns

There will be no warranty of work provided by a third party contractor, meaning that defective work and damage will be at the risk and cost of the Council.

All supply-chain/sub-contractors and sub-consultants will need to be procured via a regulated process in the event that the contract packages exceed the relevant defined financial threshold.

There are limited commercial incentives or remedies that can be applied for poor performance or productivity.

3.3.4 Variant options

The direct labour force may only undertake limited work types (reactive repairs and voids). This remit could expand once the labour force matures and has sufficient proven track-record to show value for money and efficient/quality service.

A "DLO-lite" option adopted by another Council actually only related to the clienting-function of the contract. This meant that it insourced the call-centre and contract management role, bolstered the team and ensured that the client-side function effectively managed the outsourced contracts. (Arguably this is just an efficient outsourcing arrangement, although the Council was asked to do this by an administration that was heavily in favour of "insourcing", but ultimately did not want to take on the additional HR and pensions liabilities of a full-insourcing option).

3.4 Outsourcing

3.4.1 Overview

Although this involves the same delivery structure as the Council has in place at present, it does not have to mean a continuation of the norm: the Council can use the re-procurement opportunity it has to transform what it asks of its contractors and how it wants the works and services to be delivered. Even if it is "business as usual" on day 1 of the contract, the Council is able to secure timetabled and contractualised obligations and promises from its contractors to transform the service, outcomes and value/quality to be secured over an initial period of the contract, to collaboratively and meaningfully shape a new service to move forward with.

A continued outsourcing option will involve the regulated procurement of one, two or more contractors (divided either geographically or scope of works) covering all new-build, cyclical and reactive works. The works will be undertaken by contractors employed via arms-length contracts, with sub-contractors/suppliers procured by the appointed contractors (non-regulated procurement process) and reviewed/shared as appropriate.

The current contract staff (and any relevant Council staff, as appropriate) will be transferred under TUPE to the new contractor(s). There is also an option to facilitate the co-operation of all of the contractors through an alliancing arrangement; with the ability to award more/less work according to capacity/performance.

In order to secure value and efficiencies over and above the levels being achieved under the current delivery scenarios, the Council may also consider performance-based extension of contractors or incentivisation mechanisms – e.g. performance-driven mechanisms that incentivise good contract performance, administration and a collaborative approach to the delivery of the contract for all parties involved.

All of the key drivers of the Council can be achieved through an outsourcing methodology. Contract management will be required in respect of each external

contractor. The larger the numbers of contractors appointed, the greater the challenges for integrating management of their performance. The extent of contract management and administration will also depend on the cost model adopted. Administration of a schedule of rates or a full open-book approach is much more intensive than, for example, a price per property or annual price approaches.

In appointing external contractors, the Council can develop a contract-specific social value plan and require particular outcomes over the life of the contract(s). During procurement this can point specifically to resident opportunities and local social value offerings and it can establish the required outcomes which the contractor and its supply-chain will need to deliver. It is then possible after award of contracts to re-engineer the supply-chain to look at combining improved value with specific opportunities for residents. Provided that costs do not go up, the opportunities for residents can be enhanced during the currency of the contract and during the market-testing of sub-contractors/suppliers/sub-consultants in the exploration of the opportunities for local SMEs.

3.4.2 Key advantages

The Council would receive a full contractor warranty of work, providing the contractor with single point responsibility for the performance of the contract and the Council with an effective obligation to enforce in the event of default or failure to undertake the works. Outsourced contracts can be drafted to provide commercial incentives for the contractor to improve performance (resulting in end user satisfaction) and productivity as well as with the commercial motivation and potential for supply-chain savings and efficiencies.

Investment and commitment of contractors to a programme of works is generally increased through large-scale contracts and effective client engagement throughout the contract term. There would be a scope to create resident opportunities and enhanced social value through subcontractors/suppliers through flexibility and client over-sight created behind the first tier contractor(s).

3.4.3 Key concerns

A significant amount of work needs to be undertaken throughout the procurement process and the contract management stage to ensure the alignment of the contractor value with those of the Council. The procurement process will also need to test and confirm the capacity/capability of the contractors to undertake large-scale contracts and deliver on tender promises.

It may be that areas of the outsourced contracts (particularly around new-build or other innovative projects) will not have a dedicated resource and the Council will need to ensure that they have sufficiently competent and dedicated resources itself to manage and promote the contract works with the selected contractors.

There is also less direct influence over opportunities for residents and social value outcomes.

3.4.4 Variant options

Different contractors can be appointed for planned works, new-build, cyclical and reactive works, as currently in place. This creates a diverse work-force and mitigates risk of contractor or service-failure.

Alternatively, the Council could appoint one contractor for the repairs and new-build works and other contractors to undertake certain specialist works (eg gas servicing).

There could be the potential, at a later date over a long-term contract to evolve the relationships and establish a joint venture or to bring work-forces into a wholly-owned subsidiary company of the Council.

The Council can "match-make" first-tier contractors with local supply-chain and SME businesses via two related/parallel procurement procedures.

3.5 Joint Venture

3.5.1 Overview

This is a relatively innovative option where the Council and a contractor deliver works and services through a jointly owned entity. This model has been used in the market as a means to improve employee loyalty and promote Council controls to minimise the impact of contractor insolvency and to preserve the contractor warranty of the work-force.

There can be cost-savings through the reduced contractor pricing of TUPE/pensions risks. The current contract staff (and any relevant Council staff, as appropriate) will be transferred under TUPE to the joint venture. The Council can also achieve greater oversight of the pricing of the service by being part of the joint venture management structure, although reduced Council administration will depend on the cost model (as for the above outsourcing model) but the adoption of a simpler pricing model can be integrated with the joint venture model and may ameliorate the position vis-a-vis any enhanced set up costs of the joint venture (see below).

The scope of the joint venture should be considered but could include all new-build, planned, cyclical and reactive works. This would aid a consistent integrated approach across the works delivery. The precise role the joint venture would play in service and works delivery will need to be considered by the Council further; it could be simply a supplier of employees to the Council and effectively act as a labour agency. It could, alternatively, procure its own supply-chain and act as the main-contractor to the Council.

There would need to be a regulated procurement of a private sector partner to enter into the joint venture with. Such an appointment can also be subject to performance-based award/extension of the overall joint-venture contract.

3.5.2 Key advantages

Entering into a joint venture with a private sector partner can more effectively align contractor values with those of the Council. The financial model for the joint venture structure can also include provisions that create a commercial incentive for the joint venture to improve performance and productivity.

The risk of contractor default/insolvency can be mitigated by increasing transparency and overview by the Council and by bringing the workforce and supply-chain into the Council group of companies.

The necessary investment and commitment of the contractor to setting up the joint venture is likely to incentivise it to deliver on the contractual promises.

Subject to governance and vires issues being satisfied, the joint venture structure may also seek to deliver works and services to third party landlords, thereby generating an income stream.

As one of the joint venture partners, the Council will also have direct influence over resident opportunities and the enhanced social value outcomes.

3.5.3 Key concerns

There may be a mixed joint venture warranty of work, unless the joint venture structure can be procured on the basis that the contractor assumes single point responsibility for the performance of the works and services.

There is a level of management expertise and resource required by the Council (and the private sector partner) to set up and run the joint venture.

If the supply-chain is to be run by the joint venture, it may need to be compiled via a regulated procurement process which may limit its flexibility and supply-chain savings. An alternative option would be to procure the joint venture partner on the basis that it bids for the opportunity with its supply-chain.

The procurement process will need to intrusively investigate the capacity and capability of the private sector partner to undertake the joint venture and deliver the works and service/deliver promises. Unlike the potential for the outsourcing option there will be no opportunity for ongoing bench-marking/performance-based competition between contractors through an alliancing arrangement.

3.5.4 Variant options

The Council may consider more than one joint venture, either reflecting a geographical division of work awarded, or for different works (acknowledging the need for scale to ensure appropriate commitment from the private sector partner). Due to the initial cost and investment requirement of setting up a joint venture, it is not advisable to create multiple joint ventures unless justified on commercial grounds. Nevertheless, given the scale of works under consideration by the Council, this may well be a viable alternative.

3.6 Wholly-owned subsidiary

3.6.1 Overview

This is a relatively innovative option where employees are engaged by a Council subsidiary and treated as part of the contractor's supply-chain, managed by the contractor. This has emerged, primarily in the housing sector, as a means to minimise the impact of contractor insolvency, to preserve contractor warranty of work-force and to improve employee loyalty and culture and improve productivity levels.

The wholly-owned subsidiary model would work as follows:

The contractor/provider would be procured via a regulated process and the Council would enter into a works contract with the contractor to provide the full scope of repairs and maintenance services, planned works, new-build and regeneration works etc. At the same time, the employees of the incumbent contractors and any Council employees (as appropriate) as well as any contractor employees would be transferred to a wholly-owned subsidiary of the Council. This could either be an existing company set up by the Council or a subsidiary newly formed specifically for this purpose.

The subsidiary would enter into a separate contract with the Council under which the subsidiary would provide labour for the purposes of the contractor implementing the works and services. The contractor would continue to offer its duty of care under the works contract and would be responsible for engaging with the subsidiary's employees to implement the works and services.

In effect, the Council will utilise the contractor's management expertise to manage the transferred employees. The subsidiary provides a single employing entity which provides the Council with direct cost control over (the majority) of the labour force for the contract. The Council would assume the obligations of an employer for the subsidiary employees and the requirement to pay costs associated with the employment transfer, including responsibility for playing employer pension contributions. This means the contractor's remuneration under the works contract would be reduced.

3.6.2 Key advantages

This option maintains the full contractor warranty for work so that the contractor maintains single point responsibility for the delivery and quality of all works and services provided.

The works contract can include a commercial incentive for the contractor to improve performance and productivity of the work-force whilst at the same time mitigating the risk of contractor default/insolvency by bringing the work-force into the Council's group of companies. This proximity to the Council can also improve culture and the overall wellbeing of the employees by removing the upheaval of a TUPE transfer on a regular basis.

We have found that the investment and commitment of the contractors to large-scale contracts has not been diminished by the transfer of employees to a subsidiary.

There also remains a significant opportunity and level of control exercisable by the client over resident opportunities and social value outcomes through the subsidiary and the contractor's supply-chain and suppliers.

3.6.3 Key concerns

The alignment of contractor values with those of the Council remains an issue to explore in the regulated procurement process. The Council will also need to confirm that there remains sufficient appetite and understanding in the current market to respond to and run this model, despite the fact that there are a number of contractors in the housing repairs sector that understand and already run this model.

The Council will have HR responsibility for the subsidiary's employees and this will require robust management and oversight.

As with all of the other options, there is also a need to ensure that all of the contractors that bid for this opportunity have the capacity and capability to undertake this potentially large-scale contract and deliver the works/promises.

3.6.4 Variant options

The Council may seek to set up more than one subsidiary for workforces carrying out works in different geographical locations or work-types.

The subsidiary model could be adopted for reactive/cyclical work-force, with an alternative solution (e.g. insourcing/outourcing etc.) being adopted for the planned works, regeneration and new-build works, where work-force capacity may fluctuate.

4 Additional information to consider

There is a list of issues that will be relevant to whichever option is selected and should be considered in light of any ensuing options appraisal:

- **Potential for innovation:** it will be possible for the Council to attract innovation through greater commitment and investment from prospective contractors by offering to award the programme to a smaller number of contractors for a longer term. This needs to be balanced against what is the optimum number and what are the means of maintaining motivation of contractors under long-term contracts. Multi-contractor alliancing agreements could be used to retain both collaboration and competitive "tension" through a structured set of key performance indicators to measure each contractor's performance and allow the Council to allocate work as it sees fit to capacity and the best-performing contractors. This approach can maximise competition, realisation of innovative ideas and can provide greater controls for the Council and reduce inefficiency/complacency. We are not aware of the profile of the Council's contracts but it seems to us that in order to maintain maximum flexibility, we would recommend that its procurement strategy anticipates a single procurement for all of the works upfront, on

the basis that any asset management contract can be added to the "one-stop shop" or other strategic model (including the JV/subsidiary models) on their expiry. The Council may nevertheless seek to retain control over the addition of any contract to the initially procured contract, and make it subject to continued performance, pricing competitiveness and overall Council strategy.

- **Pricing models and approaches:** there are numerous pricing models and approaches that could be adopted by the Council and it may be that there are different pricing models used in relation to the different work-streams added to the overall contract. That said, there are significant benefits in having the same approach to pricing, data and price information over all of its asset management contracts – not least to cut down on contract administration, avoid the need for numerous Quantity Surveyors and to increase transparency across the entire stock profile. We would recommend that any pricing model contains a break down of the price into its constituent parts (profit, central office overheads, project overheads ("preliminaries"), labour and material costs). This allows the Council a level of transparency and detail that will allow it to effectively managing the contractual pricing issues going forward.
- **Approaches to savings and efficiencies:** there are a number of techniques available to the Council to secure savings and efficiencies during the course of the procurement and the delivery of the works and services. These could include: structure of tender documents to obtain added value proposals from bidders (as long as they are translated into contractual obligations with specific deadlines); incentivisation schemes that link increased profit to savings and other measurable efficiencies; agreement of the contractor(s) to benchmark its prices/costs against those of other contractors; strong management controls by the Council, through its appointed contract management officers in relation to: robust creation of pricing documents and specifications, issue of clear and complete instructions under the contract, conduct of rigorous analysis of payment claims and practice, setting clear deadlines and systems etc.
- **Treatment of employees and pension issues:** each option will need to take account of the TUPE rights of employees and pensions issues arising. Any liabilities from the outgoing contractor in respect of the transferring employees will also transfer to the new contractor. This will affect risks and costs at the point of tender. Clearly any TUPE transfer will need to be handled sensitively and take into account any promises already made to employees by the Council.
- **IT system and call-centre:** each option will be able to reflect the Council's needs and aspirations in respect of IT systems and call-centres. In the event that the Council adopts a "one-stop shop" approach, it may justify an entirely end user / client-led approach to IT and call-centre management and a standardised platform around the Council's existing platform to create a genuinely fit for purpose tool. This issue will become more important as the Building Safety Bill is implemented and the need for a digital "golden thread" of data throughout the life-span of a building is an imperative.
- **Transitional arrangements:** as noted above, current contracts let/d? by the Council will have differing expiry dates/break clauses and the procurement/delivery model adopted will need to allow for additional scope/work types to be added as relevant contracts expire or are subject to break-clauses. This is achievable if the different start dates for each part of the offering are made clear to bidders and if a single award is made with agreed variations expanding its scope as additional contracts expire and

relevant additional work falls within its scope. The management of a (staggered) transitional process will assist in building confidence in the new model/option before additional contracts are added/fall within its scope.

5 Further information

For further information about the delivery options included in this paper, please contact Rebecca Rees (rrees@towers.com) or Ian Doolittle (idoolittle@towers.com).

Note: this Report has been prepared for Birmingham City Council in accordance with our agreed commission, as set out in our client care letter. It is not to be shared with or relied on by any other party without our express written consent.



Soft Market Testing Report for Housing Repairs & Maintenance Contract(s) 2024

September 2022

1 INTRODUCTION

- 1.1 This report has been produced following completion of the soft market testing ARK have conducted with tier 1 and some tier 2 contractors. In conjunction, the report is informed by internal stakeholder interviews held with Birmingham City Council (BCC) colleagues and ARK's professional opinion.
- 1.2 The purpose of the report is to recommend the key elements of the new housing repairs and maintenance contract(s) due to go live from April 2024, for consideration by BCC's Corporate Leadership Team and subsequently Cabinet.

2 SUMMARY OF RECOMMENDATIONS

- 2.1 The stakeholder engagement undertaken to date has been pivotal in determining ARK's recommendations in how the contract(s) should be shaped. A summary of the recommendations are set out below:
- 2.2 Scope of contract
 - *Combine all workstreams (responsive, void, gas, cyclical and planned works) – this option will provide BCC with fully committed contractors, who are focussed on working in partnership, delivery at scale, more proactive approach to asset management and encourages a continuous improvement attitude and ability to innovate.*
- 2.3 Geographical based Lots
 - *4 Contracts/Lots – this option will provide BCC with contractors who will want to bid for and invest in the contract/service, but will also potentially attract wider competition than with fewer larger Lots. They will be strategically and operationally motivated to deliver common goals with BCC and work in partnership. This option reduces the risk of contractor underperformance, creates more manageable contracts and contingency options (should failure occur), and engenders healthy competition and the ability for BCC to benchmark financial and operational performance. However, whilst the level of competition may be slightly reduced due to the individual contract sizes (with the smallest contract potentially being too large for a Tier 2 contractor), we still believe that the 3 Contracts/Lots option is also viable and would attract sufficient competition whilst providing a degree of mitigation in the event of early termination of an individual contract.*

- *Limitation on Lots – we are recommending members of the Project Team discuss whether there should be any limitations on the number of Lots a bidder can be awarded. This is to ensure the integrity of the recommended option is maintained. We would certainly recommend that no single contractor is allowed to be awarded all Lots.*

2.4 Commercial model

- *PPP/PPV/PPG with a limited set of exclusions in order to mitigate the impact of risk-pricing*
- *Price review mechanism installed and in the case of PPP and PPG linked to volume clauses.*
- *Basket rates for component replacement, limited exclusions, use SOR for other works and quotation/ open book approach for projects not covered by basket rates/SOR.*
- *Preliminary costs for Capital Investment and other planned works to be priced separately.*

2.5 Contract term

- *A potential maximum 15 year contract period overall.*
- *Intervals of 5+5+5 or 7+5+3.*
- *12 month 'no fault' break clause for client and contractor (cannot be triggered before the 3rd anniversary of the initial contract period).*

2.6 Form of contract

- *BCC uses their bespoke contract, including adapting the contract to take account of the opinions/views in this report.*
- *Ensure there is clarity and ease of navigation throughout the contract and the associated contract documentation.*
- *Build in 'step-in' arrangements to the contract, providing a contingency plan for BCC in the event of failure or early termination of one of the contracts.*

2.7 Other considerations

- *Performance incentivisation:*

- *Simple incentive mechanism (bonus and deduction) to be designed and incorporated into the contract.*
- *Existing shared savings model is taken out of use (unless the commercial model is altered).*
- *Social Value – BCC to develop their social value requirements and include in the tender documents, inclusive of how contractors will be measured. The quality evaluation criteria should then require bidders to set out how they will deliver Social Value.*
- *Depot provision – BCC to assess the likely outcomes of their depot rationalisation project and provide narrative in the tender documentation on availability of space to co-locate or not.*
- *Delivery of Net Zero:*
 - *Narrative for the tender documentation required to describe BCC's ambition and priorities.*
 - *Clarity on contractor requirements, e.g., accreditations/service offer to be included.*
 - *BCC to review whether any major capital project works can be included in the pricing of the tender (via the commercial cost model) for delivery post contract go live.*

2.8 Procurement process

- *Competitive Procedure with Negotiation – this procedure will provide the potential for a 3 stage procedure (Standard Selection Questionnaire, Invitation to Submit Initial Tender (ISIT), Invitation to Submit Final Tender (ISFT)), including the opportunity to negotiate, if required, following submission of the ISIT and prior to distribution of the ISFT. This procedure will ensure the winning bidders have robustly demonstrated their capability to deliver BCC's requirements.*
- *70% Quality/30% Price:*
 - *This weighting criteria will prevent price prevailing over quality, ensuring a qualitative outcome for BCC.*
 - *Each element of bidders pricing should be evaluated, rather than the cumulative sum of the bid/tender (in order to ensure that any price differentials do not outweigh quality differentials). This approach should be built into the evaluation criteria and matrix.*

3 BACKGROUND TO THE PROCUREMENT

3.1 BCC is one of the largest social landlords in the country with a stock portfolio of approximately 60,000 properties. BCC is fully committed to delivering excellent Repairs & Maintenance services to their customers, with the Housing Repairs & Maintenance (HRM) procurement presenting a major opportunity to build on the current service provided.

3.2 Key principles of the procurement are to:

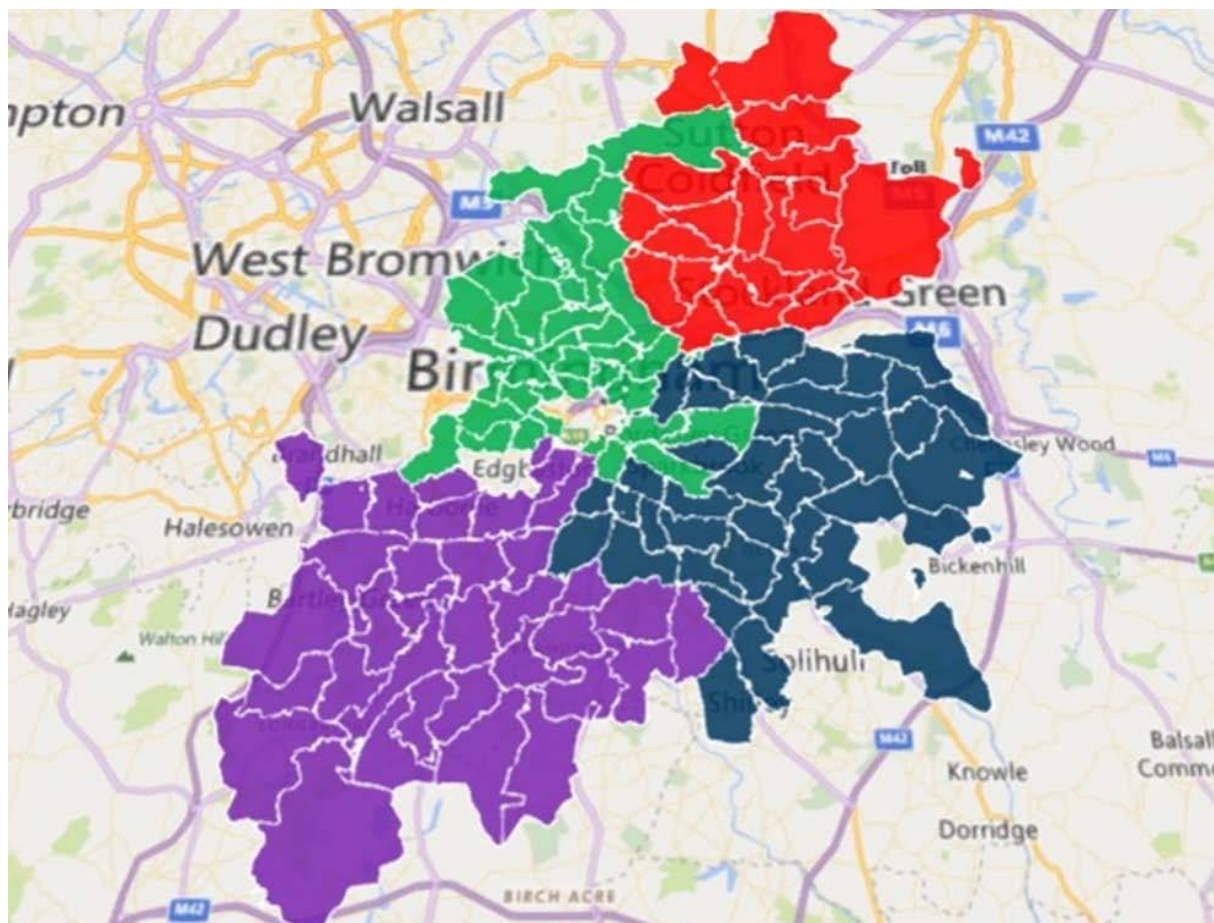
- Create long term sustainable employment opportunities for local people, whilst providing BCC with flexibility in service delivery.
- Provide a 'Best in Class' service.
- Be bold and innovative.

3.3 The existing contracts expire on the 31st March 2024. This will therefore require the new contracts to be in place by the 1st April 2024, subject to final agreement of the procurement plan and associated timescales.

3.4 It is anticipated that the annual contract spend across the City will be c.£140m:

Workstream	Anticipated annual spend
Repairs & Maintenance and Gas Servicing	£60m
Capital Improvement Works (Inc. Major Adaptations)	£80m

3.5 A map of the geographical footprint has been produced to illustrate the four current contract areas ('quadrants') of the City:



- 3.6 The table below shows the annual expected Repairs & Maintenance and Capital Investment activities, by quadrant:

	North (Red)	West- Central (Green)	East (Blue)	South (Purple)	Total
Stock portfolio	8,528	11,849	16,527	22,457	59,361
% Stock	14.37%	19.96%	27.84%	37.83%	100.00%
Spend - Repairs & Maintenance/Gas Servicing	£8.6m	£12m	£16.7m	£22.7m	£60m
Spend - Capital Improvement Works (Inc. Major Adaptations)	£11.5m	£16m	£22.3m	£30.2m	£80m
Spend – Total	£20.1m	£28m	£39m	£52.9m	£140m
No. Repairs (Exc. Gas Repairs)	25,518	42,364	51,034	56,612	175,528
No. Voids	536	533	1107	1759	3935

Note: the spend figures are based on apportionment of the estimated annual total of £140m based on stock numbers.

- 3.7 The geographical footprint, combined with the expected Repairs & Maintenance and Capital Investment activities, have influenced the feedback we have had from contractors and BCC colleagues, and also ARK's opinions and recommendations.

4 ENGAGEMENT METHODOLOGY

- 4.1 The engagement methodology used to obtain relevant feedback and market intelligence from key stakeholders involved 3 initial areas:
- Internal BCC stakeholder interviews (phase 1) – ARK interviewed several BCC colleagues, asking a range of questions. The feedback helped us to understand what currently works well, less well, and what improvements should be made to the future contract(s).

- Soft market testing – ARK met with 10 contractors (tier 1 and some tier 2) to explore the opportunity and potential shape of the contract(s). A standard set of questions was asked (see Appendix 1) and generated expansive conversations with the supply chain. This market intelligence considered all important aspects and informed ARK’s opinions and recommendations.
 - ARK’s experience from recent procurements – we have examined feedback, tender responses, and outcomes from recent procurements we have been involved in. This exercise allowed us to sense check the feedback from the soft market testing and aided us in forming ARK’s opinions and recommendations.
- 4.2 Overall, the quality of feedback and market intelligence received was high. We believe this is due to the size and scale of the opportunity. The engagement from BCC colleagues was exceptional, with all being open and honest about their views, perceptions, and preferences. Ultimately, the portfolio of feedback gathered, coupled with ARK’s professional opinion has enabled us to assess options available to BCC and to make appropriate recommendations.
- 4.3 Phase 2 of the stakeholder engagement plan will progress following BCC’s Corporate Leadership Team meeting, scheduled for the 27th September 2022.

5 SCOPE OF CONTRACT

- 5.1 **OPTIONS - SINGLE CONTRACT (COMBINE ALL WORKSTREAMS) VS. SEPARATION OF WORKSTREAMS**
- 5.2 ARK have assessed whether BCC should combine all workstreams under a single contract or whether there should be separation of workstreams where several contracts would be required. The tables below detail the pros and cons of each option:

Single contract (combine all workstreams)	
<p>Pros:</p> <ul style="list-style-type: none"> • More appealing to the market (greater success of making a reasonable profit) • Contractors will bid – competitive procurement • Interdependencies between workstreams • Encourages partnering and efficient ways of working • Common goals • Service familiarity for customers • Flexibility of resources to meet peaks & troughs • Contractors will invest in people, social value, and services to customers • Economies of scale • IT integration and process simplification • Evolution of the contract 	<p>Cons:</p> <ul style="list-style-type: none"> • BCC will need to be clear on priorities to ensure complete contractor delivery • May reduce competition from SME contractors and specialists • Possible dilution of risk

Separation of workstreams	
<p>Pros:</p> <ul style="list-style-type: none"> • Mitigates risk of contractor underperformance • Less damaging if a contract/contractor fails to deliver • Opens up to wider competition (e.g., specialist gas contractors) 	<p>Cons:</p> <ul style="list-style-type: none"> • Client side structure and resources may need bolstering – many contracts, contractors and interfaces to manage • Transactional relationship, rather than a true partnership • Potential for less focus from the contractor • Limited resources management/optimisation flexibility • Inconsistency of delivery for customers • Multiple IT interfaces and processes

5.3 MARKET VIEWS

5.4 Contractors unanimously felt all workstreams should be combined under a single contract – their feelings were based on:

- Integrated contracts work best – generate the right behaviours, working towards common goals (client/contractor) for the betterment of service delivery to customers.
- Ability to optimise overheads allocated to the contract – to cope with peaks and troughs.
- Consistency of processes and ways of working – partnering with the client and delivering reliable and consistent services to customers.
- Improved efficiency opportunities – maximising productivity and effectiveness from the workforce, combining visits to customers' homes.
- Commercial viability – repairs, voids and gas servicing tend to be low profit margin activities, adding in capital and other planned works creates a blended margin – important for long term success and sustainability.

- Self-delivery – encourages contractors to invest in directly employing their workforce.
- Asset management – the contractor can support the client in shaping and delivering their Asset Management Strategy, including collection of asset data.

5.5 ARK'S RECOMMENDATIONS

- *Combine all workstreams (responsive, void, gas, cyclical and planned works) – this option will provide BCC with fully committed contractors, who are focussed on working in partnership, delivery at scale, more proactive approach to asset management and encourages a continuous improvement attitude and ability to innovate.*

6 GEOGRAPHICAL BASED LOTS

6.1 OPTIONS - SINGLE CONTRACT, 4 AREAS, 3 AREAS, 2 AREAS

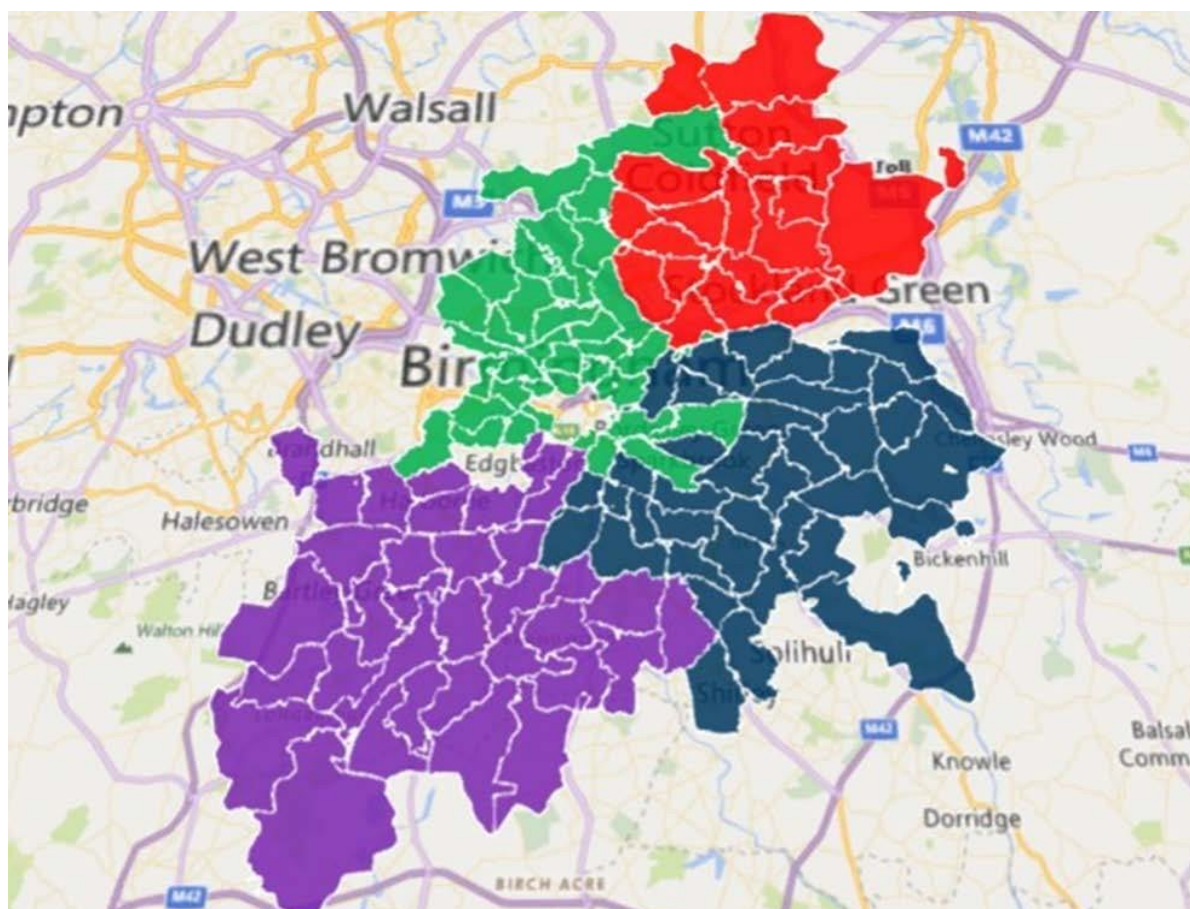
6.2 ARK have considered logical options for BCC, in light of the principles of the procurement. Realistically there are 4 options available to BCC, which could work in practice, they are:

- Single Contract (x1 Lot)
- 4 Contracts (x4 Lots)
- 3 Contracts (x3 Lots)
- 2 Contracts (x2 Lots)

6.3 We have discounted use of a single contract (x1 Lot). In ARK's opinion and acknowledged by contractors when conducting the soft market testing, a single contract would present many risks to BCC. There are very few contractors in the market that would have the economic and financial standing and capacity to be able to bid. Whilst there would be some advantages via IT integration, process simplification and optimal delivery, the advantages are far outweighed by the risks of the contractor failing, which would be a catastrophic event for BCC and their customers – services could be completely wiped out.

6.4 Therefore, we have focussed on the 3 remaining options below, showing the geographical Lots, estimated activity and spend levels and pros and cons:

6.5 4 Contracts (x4 Lots):

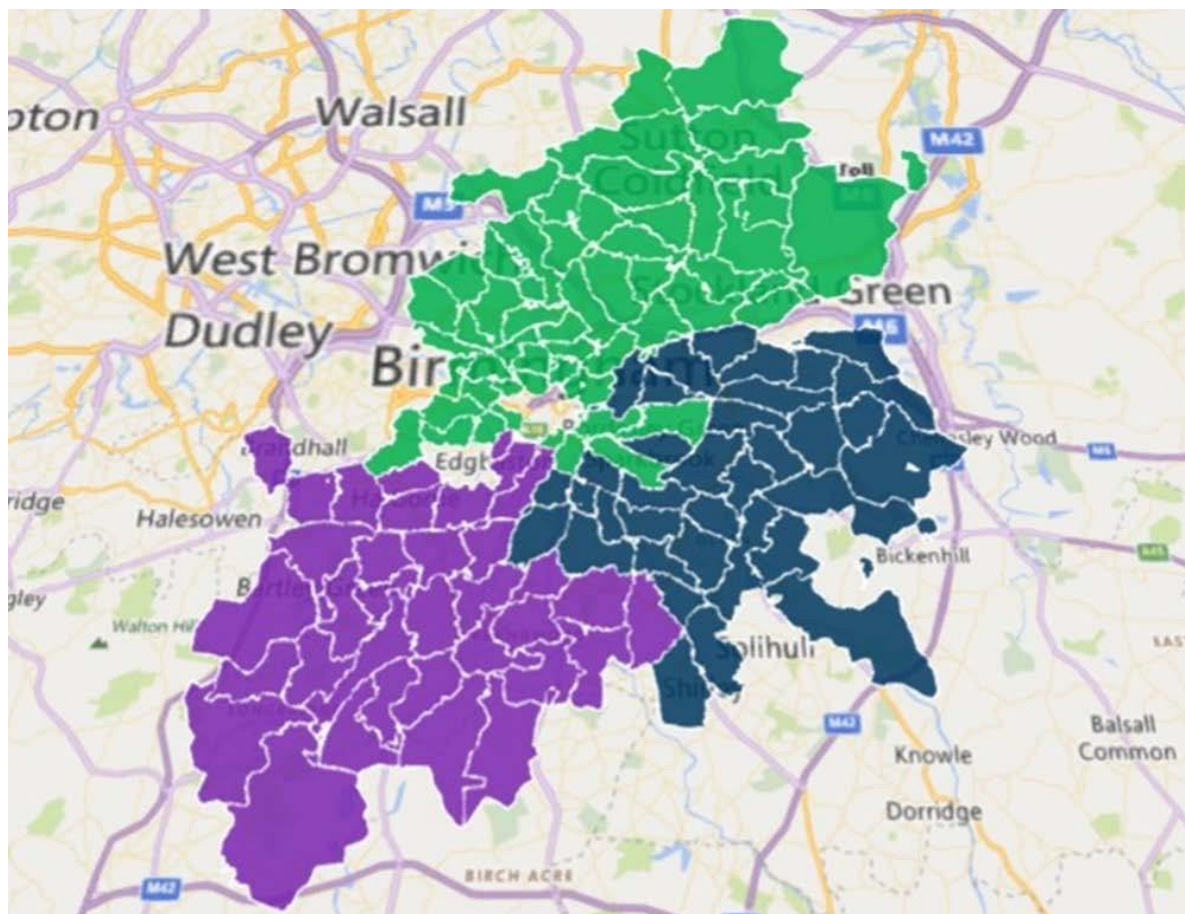


	North (Red)	West-Central (Green)	East (Blue)	South (Purple)
Stock portfolio	8,528	11,849	16,527	22,457
% Stock	14.37%	19.96%	27.84%	37.83%
Spend – Repairs & Maintenance/Gas Servicing	£8.6m	£12m	£16.7m	£22.7m
Spend – Capital Improvement Works (Inc. Major Adaptations)	£11.5m	£16m	£22.3m	£30.2m
Spend – Total	£20.1m	£28m	£39m	£52.9m
No. Repairs (Exc. Gas Repairs)	25,518	42,364	51,034	56,612
No. Voids	536	533	1,107	1759

Note: the spend figures are based on apportionment of the estimated annual total of £140m based on stock numbers.

4 Contracts (x4 Lots)	
<p>Pros:</p> <ul style="list-style-type: none"> • Most likely all contractors will bid – increases competition • Contract/Lots vary in size – creates opportunities for tier 2 contractors to bid • High strategic and operational attention from the contractors • Risk profile acceptable for all parties • Contingency plans, to cater for potential contractor underperformance/failure, practical • Consistency of delivery (and familiarity for customers) • Manageable contracts to manage • Opportunities for partnership working and innovation across all contractors, e.g., pilots of new technology, co-ordination of training and social value activity • Logistics, productivity, and deployment of resources can be optimised • IT and process simplification • Financial and operational performance can be benchmarked 	<p>Cons:</p> <ul style="list-style-type: none"> • 2 more contractors to manage than the current arrangement (dependent on any restriction in the number of Lots that can be awarded to a single bidder) • More IT interfaces to create • More contracts to mobilise • May require more complex TUPE transfer in the event that incumbent contractors are not successful

6.6 3 Contracts (x3 Lots):



	North and West-Central (Green)	East (Blue)	South (Purple)
Stock portfolio	20,377	16,527	22,457
% Stock	34.33%	27.84%	37.83%
Spend - Repairs & Maintenance/Gas Servicing	£20.6m	£16.7m	£22.7m
Spend - Capital Improvement Works (Inc. Major Adaptations)	£27.5m	£22.3m	£30.2m
Spend – Total	£48.1m	£39m	£52.9m
No. Repairs (Exc. Gas Repairs)	67,882	51,034	56,612
No. Voids	1,069	1,107	1,759

Note: the spend figures are based on apportionment of the estimated annual total of £140m based on stock numbers.

3 Contracts (x3 Lots)

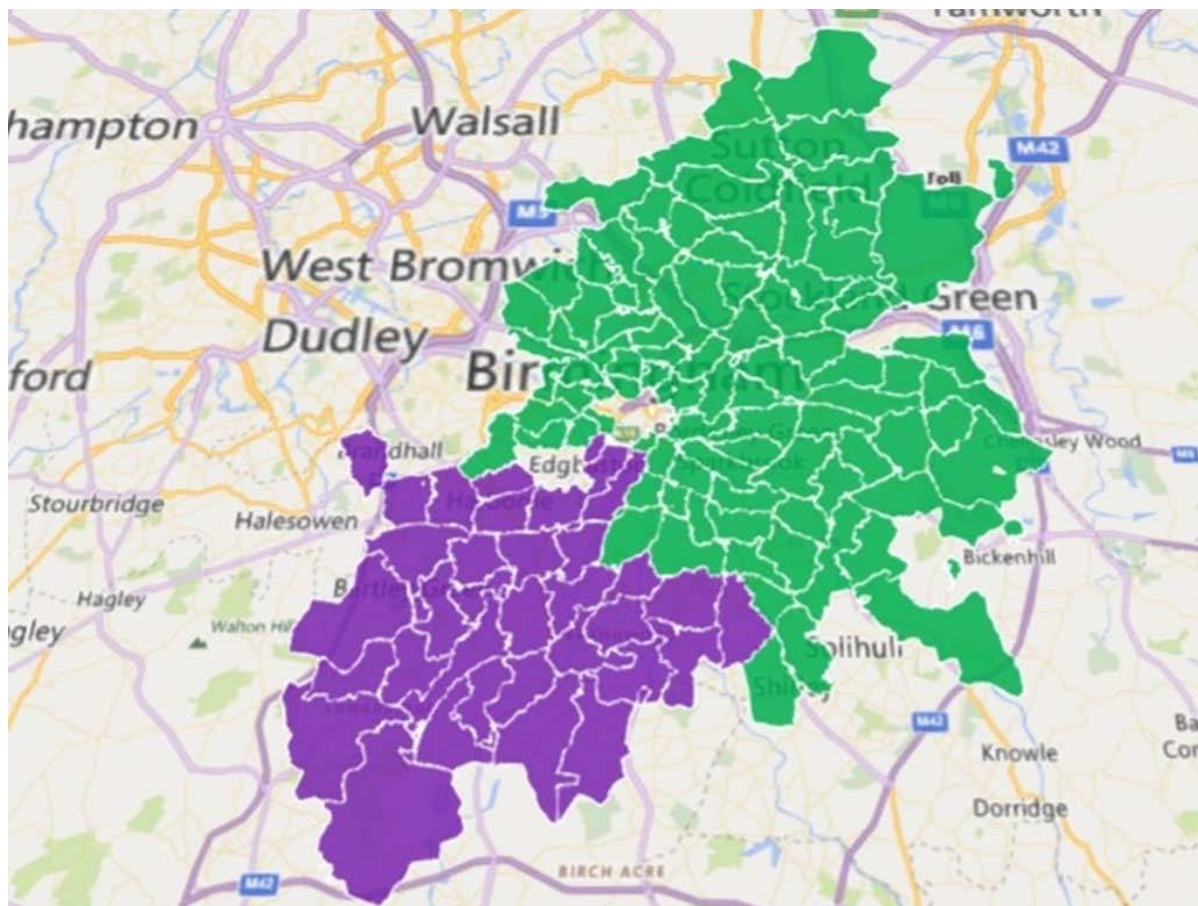
Pros:

- Contractors that have the capacity will bid (although contract values are high and beyond what most said they could service)
- Contract/Lots similar in size and scope
- Geographical alignment with BCC housing and repairs & maintenance functions
- High strategic and operational attention from the contractors
- Risk profile high for all parties
- Contingency plans, to cater for potential contractor underperformance/failure, practical
- Consistency of delivery (and familiarity for customers)
- Manageable contracts to manage
- Opportunities for partnership working and innovation
- Logistics, productivity, and deployment of resources can be optimised
- IT and process simplification
- Financial and operational performance can be benchmarked

Cons:

- Fewer bidders as larger contract values may deter Tier 2 contractors – restricts competition
- Contracts/Lots large and multi-faceted
- Potentially 1 more contractor to manage than the current arrangement (dependent on any restriction in the number of Lots that can be awarded to a single bidder)
- More IT interfaces to create
- More contracts to mobilise
- May require more complex TUPE transfer in the event that incumbent contractors are not successful

6.7 2 Contracts (x2 Lots):



	North, West-Central and East (Green)	South (Purple)
Stock portfolio	36,904	22,457
% Stock	62.17%	37.83%
Spend - Repairs & Maintenance/Gas Servicing	£37.3m	£22.7m
Spend - Capital Improvement Works (Inc. Major Adaptations)	£49.8m	£30.2m
Spend – Total	£87.1m	£52.9m
No. Repairs (Exc. Gas Repairs)	118,916	56,612
No. Voids	2176	1759

Note: the spend figures are based on apportionment of the estimated annual total of £140m based on stock numbers.

2 Contracts (x2 Lots)	
Pros: <ul style="list-style-type: none"> • High strategic and operational attention from the contractors • Consistency of delivery (and familiarity for customers) • Fewer contracts to mobilise and manage • Opportunities for partnership working and innovation • Logistics, productivity, and deployment of resources can be optimised • IT and process simplification • Complexity of TUPE process eased somewhat as reflects current division between incumbent contractors 	Cons: <ul style="list-style-type: none"> • Very few contractors would bid – limits the competition • 1 exceptionally large contract/Lot and 1 large contract/Lot • Very large, multi-faceted contracts • Risk profile for all parties very high • If underperformance/contractor failure occurs, there is huge high-volume impact on customers • Limited contingency plan options if underperformance/contractor failure happens

6.8 MARKET VIEWS

6.9 Having discussed the geographical Lots with contractors, there are mixed views on how many contracts/Lots should feature. None of the contractors felt it would be sensible to have a single contract (x1 Lot). Very few contractors recommended 2 or 3 contracts/Lots (due to their scope and size). The majority were comfortable with 4 contracts/Lots, with contractors stating they would most likely bid (subject to contract particulars).

6.10 ARK'S RECOMMENDATIONS

- *4 Contracts/Lots – this option will provide BCC with contractors who will want to bid for and invest in the contract/service, but will also potentially attract wider competition than with fewer larger Lots. They will be strategically and operationally motivated to deliver common goals with BCC and work in partnership. This option reduces the risk of contractor underperformance, creates more manageable contracts and contingency options (should failure occur), and engenders healthy competition and the ability for BCC to benchmark financial and operational performance. However, whilst the level of competition may be slightly reduced due to the individual contract sizes (with the smallest contract potentially being too large for a Tier 2 contractor), we still believe that the 3 Contracts/Lots option is also viable and would attract sufficient competition whilst providing a degree of mitigation in the event of early termination of an individual contract.*
- *Limitation on Lots – we are recommending members of the Project Team discuss whether there should be any limitations on the number of Lots a bidder can be awarded. This is to ensure the integrity of the recommended option is maintained. We would certainly recommend that no single contractor is allowed to be awarded all Lots.*

7 COMMERCIAL MODEL

7.1 OPTIONS - PRICE PER PROPERTY (PPP)/PRICE PER VOID (PPV) VS. SCHEDULE OF RATES (SOR), COST PLUS OR OPEN BOOK

7.2 ARK has explored the commercial model options available to BCC. A table detailing the features of each commercial model and pros and cons can be found at Appendix 2.

7.3 MARKET VIEWS

7.4 Several contractors were supportive of using BCC's desired 'price per' payment mechanisms. Contractors who were supportive felt:

- Strongly that the model needs to be balanced, equitable, fair, and clear
- Data provided in the tender pack must reflect true historic activities and give clear indication of the order book moving forward, e.g., repairs/voids demand, capital investment/planned programme works, etc.
- Inclusions and exclusions need to be well thought through (there was a view that a fully-inclusive approach would lead to risk pricing), and associated caps and price change mechanisms for repair volume demand put in place.

- Using SOR exclusively, cost plus or open book would create a huge amount of administration, both client and contractor side, and a lack of cost certainty.
- The majority of contractors agreed that the price per gas payment mechanism was sensible.
- They also agreed basket rates should be used for price per element works (with limited exclusions), with preliminary costs priced separately (to mitigate the risk of fluctuating volumes or delays in works). Other works could be priced via SOR. Projects not covered by the price per element payment mechanism or SOR should be based on a quotation with the potential to use an open book approach.

7.5 A minority of contractors expressed some concern over using PPP/PPV, some of which is a result of the volatile construction and maintenance market, following Brexit, the pandemic, the war in Ukraine, cost of living and inflation increase pressure. These events have altered the risk appetite of some contractors to commit to fixed pricing, with SOR or cost plus/open book preferred.

7.6 ARK'S RECOMMENDATIONS

7.7 Having considered feedback and opinions, ARK recommends:

- *PPP/PPV/PPG with a limited set of exclusions in order to mitigate the impact of risk-pricing*
- *Price review mechanism installed and in the case of PPP and PPG linked to volume clauses.*
- *Basket rates for component replacement, limited exclusions, use SOR for other works and quotation/ open book approach for projects not covered by basket rates/SOR.*
- *Preliminary costs for Capital Investment and other planned works to be priced separately.*

8 CONTRACT TERM

8.1 OPTIONS - 5+5 YEAR CONTRACT, LONGER CONTRACT PERIOD, BREAK CLAUSE

8.2 ARK are cognisant of BCC's views on the contract period with a 5+5 year arrangement preferable. ARK have assessed the market, including recent procurements we have undertaken, as well as others.

- 8.3 A 5+5 year contract, as a minimum, makes complete sense, given the size and scale of the contract(s) and BCC's principles. ARK would suggest a potential contract period of over 10 years is considered. A lengthier contract period would offer a clear demonstration to the market that this is a long term partnership, with the emphasis on delivering quality services, evolution, innovation, and flexibility to deliver for the customers of BCC. A 15 year contract would provide BCC with a long term plan, which can be flexed subject to strategic priorities and would negate the need (subject to performance) to commence a new procurement process from year 7 of the new contract.
- 8.4 Appropriate extension intervals could be put in place, to protect BCC, such as, 5+5+5 or even 7+5+3.
- 8.5 Break clauses would be required and need to be equitable. We would expect to see a mutual 12 month break clause which cannot be triggered by either party before the first 3rd anniversary of the initial contract period. Break clauses are very much the norm in repairs and maintenance contracts and are seen by the market as having a positive impact on the risk profile.
- 8.6 **MARKET VIEWS**
- 8.7 Having consulted with the market and compared with views of BCC colleagues, and our professional opinion, all parties are in favour of a minimum initial contract period of 5 years. This provides opportunities for the contractors to:
- Invest in the partnership.
 - Mobilise for the long term.
 - Manage the TUPE process effectively.
 - Ensure robust IT and processes are in place to aid operational delivery.
 - Stabilise (quickly) and improve services to customers.
 - Create employment opportunities and contribute to the local economy.
 - Recovery of initial investment.
- 8.8 A minimum 10 year contract (5+5) period overall was seen as essential, creating longevity for all parties. Several contractors felt the initial contract period could be raised to 7 years, demonstrating an initial longer term commitment to the contract by both client and contractor(s).

8.9 Given the size and scale of the BCC operation, we discussed whether an even longer term contract period (>10 years) would be advantageous. We asked this question as we have seen with several recent procurements we have undertaken, as well as others, the contract period being extended beyond 10 years. Contractors were positive about a potential extended contract period of over 10 years.

8.10 **ARK'S RECOMMENDATIONS**

- *A potential maximum 15 year contract period overall.*
- *Intervals of 5+5+5 or 7+5+3.*
- *12 month 'no fault' break clause for client and contractor (cannot be triggered before the 3rd anniversary of the initial contract period).*

9 FORM OF CONTRACT

9.1 **OPTIONS - BESPOKE CONTRACT VS. PROPRIETARY CONTRACT**

9.2 ARK have considered the options available to BCC. Below details the pros and cons of the options:

Bespoke contract

Pros:

- Drafted by and understood by the client and client's representatives
- Client clarity on requirements of the contractor(s)/
- The supply chain in Birmingham is used to the contract and how it functions
- Entwined with BCC's desired delivery and commercial model
- Unlikely to deter bidders
- Potentially shorter timescale to adapt current bespoke contract than try and develop new contract in another proprietary form

Cons:

- Industry guidance or best practice could be absent
- Relies on interpretation of parties
- Contractor unfamiliarity
- Client and contractor must develop specific capabilities (as contract non-standard)
- Often seen as weighted in the client's favour, lacking fairness
- Governance framework and partnership approach needs to be built in
- Risks and nuances could lead to inflated pricing
- Cultural work required to ensure a partnership is achieved

Proprietary contract	
<p>Pros:</p> <ul style="list-style-type: none"> • Reflects industry guidance and best practice • All parties familiar with standard forms of contract (less ambiguity) • Provides comfort to bidders • If dispute resolution if needed, process made easier • Contract balanced and reflected of industry practice • In the event of staff turnover, easier to recruit and mobilise resources • Flexibility/ability to incorporate new/additional workstreams 	<p>Cons:</p> <ul style="list-style-type: none"> • Many amendments would be required to reflect BCC's requirements appropriately • Some contracts seen as not having evolved sufficiently to reflect changes in the market • Lack of suitability of some contract forms to reflect the requirements of different workstreams.

9.3 In addition, 'step-in' arrangements will need to be considered if one of the contracts fails/ends early. This will provide BCC with a robust contingency plan.

9.4 MARKET VIEWS

9.5 The tables above reflect the views of ARK, and they correspond with feedback from contractors. Typically, contractors prefer a proprietary contract, although they all indicated that this would not deter them from bidding the BCC opportunity. Contractors profile the risk of the opportunity differently and the use of a proprietary contract provides comfort to prospective bidders. There was a view expressed by some contractors regarding the need for effective governance and focus on continuous improvement and joint problem-solving.

9.6 ARK'S RECOMMENDATIONS

9.7 Considering the above opinions, ARK recommends:

- *BCC uses their bespoke contract, including adapting the contract to take account of the opinions/views in this report.*
- *Ensure there is clarity and ease of navigation throughout the contract and the associated contract documentation.*
- *Build in 'step-in' arrangements to the contract, providing a contingency plan for BCC in the event of failure or early termination of one of the contracts.*

10 OTHER CONSIDERATIONS

10.1 OPTIONS

10.2 ARK spent time with each contractor gathering views on other areas of the contract(s). These included the following areas:

- Performance incentivisation
- Social Value
- Depot provision
- Delivery of Net Zero

10.3 MARKET VIEWS

10.4 Performance incentivisation:

- Contractors were generally comfortable with a fair and reasonable performance incentivisation model being included in the contract. They felt both bonus and deduction should be included, not one without the other. Most felt the model could be linked to KPI performance, although there was limited appetite for linkage to additional works and extensions.
- A shared savings model can work, although it can be administratively burdensome, leading to non-usage, and is better suited to planned works only via a target cost model, opposed to fixed pricing, e.g., price per element

10.5 Social Value – the market felt BCC should be partially prescriptive, linking social value to BCC's objectives/priorities. In particular, they felt that BCC needs to be specific around the required number of apprentices and other work opportunities for example. Contractors would prefer flexibility in how they deliver social value outcomes and would be happy to use a social value portal, such as TOMS or HACT. Fuel poverty was identified by some contractors as a focus for social value activity.

- 10.6 Depot provision – most contractors felt a base in the operating area would be required, however this does not necessarily need to be the existing BCC depots. All are happy to co-locate with BCC. Contractors tend to use 'home-start' for operatives and the majority would put stores arrangements in place with a merchant(s) for provision of materials, etc.
- 10.7 Delivery of Net Zero – the supply chain is prioritising this emerging/important area, with the majority having PAS 2030, PAS 2035 and Trustmark accreditations in place. Several deliver an end to end experience for clients, including design, survey, funding support, installation, after care, etc.
- 10.8 **ARK'S RECOMMENDATIONS**
- 10.9 *Performance incentivisation:*
- *Simple incentive mechanism (bonus and deduction) to be designed and incorporated into the contract.*
 - *Existing shared savings model is taken out of use (unless the commercial model is altered).*
- 10.10 *Social Value – BCC to develop their social value requirements and include in the tender documents, inclusive of how contractors will be measured. The quality evaluation criteria should then require bidders to set out how they will deliver Social Value.*
- 10.11 *Depot provision – BCC to assess the likely outcomes of their depot rationalisation project and provide narrative in the tender documentation on availability of space to co-locate or not.*
- 10.12 *Delivery of Net Zero:*
- *Narrative for the tender documentation required to describe BCC's ambition and priorities.*
 - *Clarity on contractor requirements, e.g., accreditations/service offer to be included.*
 - *BCC to review whether any major capital project works can be included in the pricing of the tender (via the commercial cost model) for delivery post contract go live.*

11 PROCUREMENT PROCESS

- 11.1 **OPTIONS - PROCEDURE (OPEN, RESTRICTED, COMPETITIVE DIALOGUE (CD), COMPETITIVE PROCEDURE WITH NEGOTIATION (CPN), FRAMEWORK)**

11.2 ARK has considered all options and the associated pros and cons are listed below:

	What is it?	Pros	Cons	When is it most appropriate?
Open	Single stage	Timescale	High no. of bidders increases evaluation requirement	If requirement is clear but limited number of bidders
Restricted	2 stages: SSQ (shortlisting)	Shortlisting reduces evaluation requirement. Favoured approach of market	No opportunity for negotiation	If requirement is clear and significant interest from market
Competitive Dialogue (CD)	Initial SSQ and shortlisting, dialogue stages and Call for Final Tender	Allows negotiation (incl. at Preferred Bidder stage) and supplier input into requirement	Time and cost (often used unnecessarily)	If requirement is not clear/ cannot be easily stated and input needed from market
Competitive Procedure with Negotiation (CPN)	As per CD but option not to progress into dialogue	As per CD but with additional flexibility as to whether to proceed with negotiation	Time and cost	If requirement is not clear/ cannot be easily stated and input needed from market
Framework	Use existing framework – call off or mini-tender	Timescale – pre-qualification already done	Restrictions on T&Cs, terms. Limited suppliers. Risk pricing	Urgent, specialist or short-term requirements

- 11.3 Evaluation criteria – ARK have considered 2 options, both favouring quality over price, given BCC's principles of what the contract(s) should deliver to BCC's customers. We have assessed the pros and cons of each option to inform our recommendations:

70 Quality:30 Price	
Pros: <ul style="list-style-type: none"> • Bidders will focus on quality • Encourages bidders to provide realistic/sustainable pricing • Guards against appointing bidders with average quality and low price scores 	Cons: <ul style="list-style-type: none"> • Successful bidder(s) are likely to have median pricing or above

60 Quality:40 Price	
Pros: <ul style="list-style-type: none"> • Can reduce the price, opposed to higher weighted quality options 	Cons: <ul style="list-style-type: none"> • Price can prevail over quality even with lower weighting • Race to the bottom – could end up appointing bidders with average quality and low price scores • Gamesmanship (to win the work!) from contractors opposed to focussing on a pure bid

11.4 MARKET VIEWS

- 11.5 The market is comfortable with any form of procurement procedure. However, all contractors preferred a higher weighting to quality opposed to price, to ensure that quality is not overridden by price.

11.6 ARK'S RECOMMENDATIONS

11.7 *Competitive Procedure with Negotiation – this procedure will provide the potential for a 3 stage procedure (Standard Selection Questionnaire, Invitation to Submit Initial Tender (ISIT), Invitation to Submit Final Tender (ISFT)), including the opportunity to negotiate, if required, following submission of the ISIT and prior to distribution of the ISFT. This procedure will ensure the winning bidders have robustly demonstrated their capability to deliver BCC's requirements.*

11.8 *70% Quality/30% Price:*

- This weighting criteria will prevent price prevailing over quality, ensuring a qualitative outcome for BCC.*
- Each element of bidders pricing should be evaluated, rather than the cumulative sum of the bid/tender (in order to ensure that any price differentials do not outweigh quality differentials). This approach should be built into the evaluation criteria and matrix.*

12 TIMETABLE

12.1 The tables below represent the high-level key milestones for the procurement (non-exhaustive) – the first table assumes no negotiation is needed and the second table includes negotiation:

CPN without Negotiation	Date
Cabinet Paper to CLT	27-Sep-22
s.20 Notice of Intentions	10-Oct-22
Cabinet Meeting	08-Nov-22
Agree Procurement Strategy	18-Nov-22
Draft Tender Pack Documents	18-Nov-22
Publish FTS Notice + Tender Pack	25-Nov-22
Letters to Successful SQ Suppliers	24-Feb-23
Issue ISIT Documents	27-Feb-23
ISIT Outcome	26-May-23
Decision to Award	09-Jun-23
s.20 Notification of Proposals	12-Jun-23
Contract Award (subject to Standstill Period)	21-Jul-23
Publish Award Notices	28-Aug-23
Conclude Mobilisation Completion	31-Mar-24
Go Live	01-Apr-24

CPN with Negotiation	Date
Cabinet Paper to CLT	27-Sep-22
Cabinet Meeting	10-Oct-22
Agree Procurement Strategy	08-Nov-22
s.20 Notice of Intentions	18-Nov-22
Draft Tender Pack Documents	18-Nov-22
Publish FTS Notice + Tender Pack	25-Nov-22
Letters to Successful SQ Suppliers	24-Feb-23
Issue ISIT Documents	27-Feb-23
ISIT Outcome	26-May-23
Commence Negotiations	19-Jun-23
Conclude Negotiations	07-Jul-23
Issue ISFT Documents	10-Jul-23
ISFT Outcome	15-Aug-23
Decision to Award	01-Sep-23
s.20 Notification of Proposals	05-Sep-23
Contract Award (subject to Standstill Period)	13-Oct-23
Publish Award Notices	17-Nov-23
Conclude Mobilisation Completion	31-Mar-24
Go Live	01-Apr-24

-
- 12.2 Mobilisation period – the market was unanimous in suggesting a 3 month mobilisation period would be the absolute minimum. Most suggested up to 6 months would be their preference. Interestingly, 1 contractor pointed out a mobilisation period of over 6 months is too long and can lead to the intensity of the mobilisation dropping and the outgoing contractor(s) becoming difficult to manage.

ARK Consultancy Limited
September 2022

APPENDIX 1 – SOFT MARKET TESTING

QUESTIONNAIRE

AREA	QUESTIONS
1. Contract Term	<ul style="list-style-type: none"> What would be a minimum contract length for this contract? What are your views on a 5+5 term? Would a longer contract length deliver further benefits/ better rates? What is your view on break clauses?
2. Value	<ul style="list-style-type: none"> What would be a minimum annual contract value for you to undertake this type of work? Is there a maximum annual contract value above which you would not wish to bid?
3. Packaging	<ul style="list-style-type: none"> What are your views on incorporating gas servicing and planned works with responsive repairs and voids?
4. Contract	<ul style="list-style-type: none"> What is your view on bespoke forms of contract – what are the risks? What are your views on alternative proprietary forms of contract (TAC, TPC, JCT, NEC, NHMF)?
5. Commercial Model	<ul style="list-style-type: none"> What are your views on PPP/PPV type-models? What's your experience with these and where are some of the problems/ risks? Would it incentivise you to improve first time fix/ invest up front to reduce further demand? In relation to planned works: <ul style="list-style-type: none"> Do you prefer composite basket rates to detailed schedules of rates? Should prelims be priced separately? How would you see a price review mechanism working?
6. KPIs	<ul style="list-style-type: none"> How should performance be incentivised? <ul style="list-style-type: none"> Bonus/ deduction from payments? Link to extensions? Link to additional works? What are your views on shared savings models/ pain-gain?

AREA	QUESTIONS
7. Direct Delivery	<ul style="list-style-type: none"> What do you self-deliver and what do you subcontract? What would encourage you to increase direct delivery?
8. Evaluation	<ul style="list-style-type: none"> What do you prefer in terms of price/ quality split?
9. Depots	<ul style="list-style-type: none"> What operating model do you use (e.g., internal stores, external merchants, home-start etc.)? Would you need a depot within the contract area?
10. Social Value	<ul style="list-style-type: none"> How prescriptive should the client be in terms of setting a minimum level of social value activity?
11. Mobilisation	<ul style="list-style-type: none"> How long would you ideally need to mobilise a contract of this potential size and scope?
12. Innovation/good practice	<ul style="list-style-type: none"> Do you have a carbon emissions reduction plan as a business – what are the headline objectives? Is your business equipped to help clients deliver decarbonisation works, i.e., EPC band C by 2030 and net zero by 2050? Do you have any suggestions from elsewhere?

LIST OF RESPONDENTS

- Axis Europe
- EQUANS
- Fortem
- Ian Williams
- Kier
- Mears
- Morgan Sindall
- Novus
- United Living
- Wates

APPENDIX 2 – ALTERNATIVE COMMERCIAL MODELS

Pricing Model	Features	Pros	Cons
'Price per' Payment Mechanisms	<p>Fixed price, with clearly identified exclusions (communals, excess costs, capital works, other specified works)</p> <p>For PPP – fixed annual sum – thresholds for increases/ reductions in demand outside of which PPP can be adjusted</p> <p>For PPV – fixed price per void, with limited exclusions</p> <p>For PPE - fixed price per element, with limited exclusions</p> <p>Can be different rates per property archetype</p>	<ul style="list-style-type: none"> Budget certainty Reduced costs of administration Incentives on contractor to drive efficiency – improved productivity, first time resolution Certainty of cashflow for contractor Easy to benchmark Some transfer of risk in relation to demand 	<ul style="list-style-type: none"> Element of risk pricing if data not robust/ demand uncertain: post Covid increases in demand has led to requests for reviews of rates 'Creeping' exclusions

Pricing Model	Features	Pros	Cons
Schedule of Rates	Defined rates for each job – based on Standard Minute Values for labour. Often proprietary schedules such as NHF or NSR	<ul style="list-style-type: none"> Specified cost per job type SoRs provide degree of intelligence on repairs history (can help with disrepair claims) Well understood by clients and contractors Can benchmark/ compare if NHF/NSR 	<ul style="list-style-type: none"> Cost of administration – variations 'Loading' of rates/ "job building" by contractor Budgetary control – client holds demand risk No incentive for right first time
Cost Plus	Actual cost of job (labour, materials, subcontractor etc.) with defined overhead and profit	<ul style="list-style-type: none"> Transparency of cost Little risk to contractor 	<ul style="list-style-type: none"> No incentives for efficiency Budgetary control Significant administrative/ QS resource Client holds full risk (taking into account current market factors)

Pricing Model	Features	Pros	Cons
Open Book	<p>Contractor shows full cost of job, including labour, materials, subcontractor, overhead and profit</p> <p>Can link to target pricing and pain/gain mechanisms</p>	<ul style="list-style-type: none"> • Transparency of cost • Can build in incentivisation through gainshare • Client and contractor can work together to reduce costs 	<ul style="list-style-type: none"> • Can easily migrate to Cost Plus with same disadvantages

Appendix 4 Delivery Options

	Option	Strengths	Weakness	Opportunity	Threats
1	Fully outsourcing the function (including Contact centre and HR)		No evident obvious benefit to customer or BCC as the service is moved ever further away from the customer	Long term gain of efficiency	Limited time period in which to effectively plan, develop and implement
2	Direct Labour Organisation	Ownership of service and better influence	Changing the culture / behaviours, operative mentality HR issues and impact Supply chain issues IT infrastructure not readily available	Potential for better connection with customers	Limited time period in which to effectively plan, develop and implement Transfer of risk to BCC
3	Continue as is (with tweaks to the contract)	Robust contract proven to deliver	High level of audit and performance management required by BCC staff	To develop the contract in areas requiring service improvement	Hidden costs and potential for contractual claims
4	Special Purpose vehicle		No evident obvious benefit to customer or BCC as the service is moved ever further away from the customer	Long term gain of efficiency	Limited time period in which to effectively plan, develop and implement
5	Joint Venture	Ownership of service and better influence	Terms and conditions to be considered for equality between parties Governance issues	Increased capacity with the ability to utilise new technologies	Limited time period in which to effectively plan, develop and implement
6	Wholly-owned subsidiary	De-politicise the service	Increase costs to HRA	Run as a commercial entity to provide income generation	Limited time period in which to effectively plan, develop and implement
7	Strategic Partnership for all works related to housing	One stop shop	High level of audit and performance management required by BCC staff	Long term gain of efficiency	Procurement challenges Over reliance if contractor folds

Appendix 5 Geographical Split
Geographical Split

	Option	Strengths	Weakness	Opportunity	Threats
1	Reduced size contract areas >4	Links in with localism agenda	Difficult to manage operationally	More opportunity for SMEs to bid for contract	Smaller businesses cannot manage the volume of work
2	Have 4 contract areas	Manageable contract size - demonstrable success high level of competition.	Variation of performance across the city	Spreads risk of business failure and retains inter-contract benchmarking and performance comparisons, whilst still ensuring that each contract area is sufficiently large to allow efficiencies of scale.	Small area could lead to increase costs
3	Have 3 contract areas	Manageable contract size - demonstrable success. In line with Housing Management structure available	Variation of performance across the city	Competition and opportunity to move work to achieve value for money	Smaller area could lead to increase costs
4	Have 2 contract areas	Manageable contract size and competition available More consistent customer service and performance Seamless TUPE, with least disruption to services at mobilisation	for a c. 50/50 split best permutation is North / South and East and West/Central, so full economies of scale may not be realised reduced benchmarking	Provide a more consistent approach. More incentive for contractor for strategic approach	Limited alternatives if poor performance or if contractor folds
5	Have 1 contract area	Consistency of service across the city	No competition / benchmarking High risk if contract fails Over reliance on 1 contractor	Increased economies of scale	No alternative if poor performance or if contractor folds

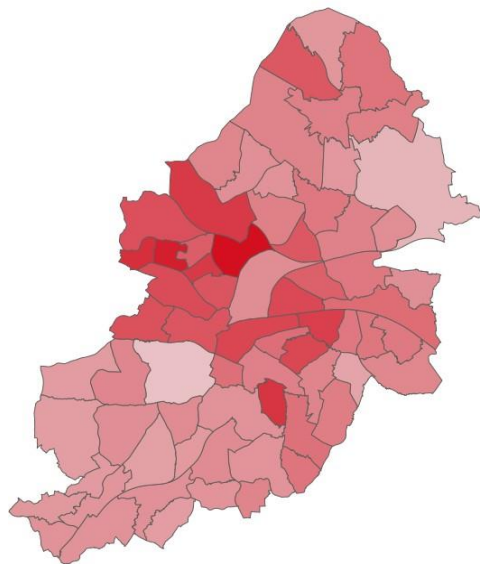
Permutations of contract area

Quadrant	Total Number of dwellings	Number of HRRBs
EAST	16620	37
NORTH	8555	23
SOUTH	22582	85
WEST/CENTRAL	11900	65
City	59657	210

2 Contract areas	Total Number of dwellings	Number of HRRBs
East & North	25175	60
South & West/Central	34482	150
East & South	39202	122
North & West/Central	20455	88
East & West/Central	28520	102
North & South	31137	108
North, Central West & East	37075	125
South	22582	85

3 Contract areas (6 permutations)	Total Number of dwellings	Number of HRRBs
East	16620	37
North	8555	23
South & West/Central	34482	150
East	16620	37
South	22582	85
North & West/Central	20455	88
East	16620	37
West/Central	11900	65
North & South	31137	108
North	8555	23
South	22582	85
East & West/Central	28520	102
North	8555	23
West/Central	11900	65
East & South	39202	122
South	22582	85
West/Central	11900	65
East & North	25175	60

Repairs Last 12 Months per property divided by number of stock



Ward	Repairs Per Property	Number of Properties
Acocks Green	4.35	1398
Allens Cross	3.71	995
Alum Rock	5.51	522
Aston	6.76	558
Balsall Heath West	4.65	555
Bartley Green	3.66	3082
Billesley	3.88	1772
Birchfield	5.05	215
Bordesley & Highgate	5.55	1095
Bordesley Green	4.68	555
Bournbrook & Selly Park	4.05	205
Bournville & Cotteridge	3.61	475
Brandwood & King's Heath	4.05	905
Bromford & Hodge Hill	4.48	1446
Castle Vale	4.00	17
Druids Heath & Monymhull	3.87	1642
Edgbaston	2.57	555
Erdington	4.48	1215
Frankley Great Park	3.78	1698
Garretts Green	4.43	1376
Glebe Farm & Tile Cross	4.72	2441
Gravelly Hill	5.16	402
Hall Green North	4.62	452
Hall Green South	4.53	42
Handsworth	6.42	187
Handsworth Wood	5.35	237
Harborne	4.17	1541
Heartlands	5.72	755
Highters Heath	4.21	572
Holyhead	6.09	225
King's Norton North	3.93	688
Total	4.32	

Page 87 of 98

Appendix 7

Contingency Arrangements

The options below have been set out so that consideration can be given at an early stage to the arrangements which can be put into place in the event that the new contracts are not able to commence from 1st April 2024. It is envisaged that the recommended option would only be required for a short period of time to conclude the arrangements for the new contracts.

Option 1 is the recommended option.

Option 1 – Modification of contracts during their term	<p>Reg 72 (abbreviated)</p> <p>72.—(1) Contracts and framework agreements may be modified without a new procurement procedure in accordance with this Part in any of the following cases:—</p> <p>(c) where all of the following conditions are fulfilled:—</p> <p>(i) the need for modification has been brought about by circumstances which a diligent contracting authority could not have foreseen;</p> <p>(ii) the modification does not alter the overall nature of the contract;</p> <p>(iii) any increase in price does not exceed 50% of the value of the original contract or framework agreement.</p>	<p>Pros:</p> <ul style="list-style-type: none"> • Modifications of contracts are allowed where they comply with the relevant provisions of Reg 72 of the Public Contracts Regulations 2015. • This option allows the Council to continue with the same suppliers, contract and commercial terms. • There are no TUPE or mobilisation issues to consider. • It allows the service to continue with business as usual whilst focusing their time where needed, i.e. on the mobilisation of the new contracts. • Whilst there is no case law regarding using Regulation 72 to extend a contract. However, Government Guidance does state that Regulation 72 may be used to extend a contract (as long as the extension is of short duration) .
		<p>Cons:</p> <ul style="list-style-type: none"> • We would be required to publish a VEAT notice on Find a Tender Service that we had modified contracts following this procedure. • As there are no further extension provisions allowed for in the current contracts, any extension will need to be agreed with the incumbent suppliers who may wish to negotiate terms and costs. • Any other modifications made during the term will need to be considered in terms of cumulative value against the

		<p>original contract value to ensure the 50% threshold isn't breached.</p> <ul style="list-style-type: none"> The modification cannot extend the scope of the contract 'considerably' as this would be considered a substantial modification and prompt a new procurement
		<p>Mitigation: there appears to be a fairly low risk of a challenge to a short (say 6 month) extension especially as a compliant procurement process is in progress and about to be concluded. It is also probable that those who may wish to challenge are likely to be involved in the procurement process.</p>
<p>Option 2 – Call off from a framework</p>	<p>Fusion 21 – Reactive Repairs and Maintenance Start 01/10/2018, Expires 30/09/2022</p> <p>The Council has already made use of this framework as a direct award to Engie, to cover the period 01/04/2022 – 31/03/2024. The current framework has both incumbent contractors as approved suppliers.</p> <p>However, this framework is due to expire at the end of September. Fusion 21 are in the process of procuring a new framework, the outcome of the evaluation is unknown at this time. We are currently checking with Fusion 21 for an update regarding when the outcome of the procurement is to be confirmed and clarity around the approved framework suppliers.</p>	<p>Pros:</p> <ul style="list-style-type: none"> This is compliantly procured framework subject to the Regulations The framework allows for a direct award process. A direct award call-off must comply with the framework guidance. A direct award call-off can be conducted within a short timeframe.
		<p>Cons:</p> <ul style="list-style-type: none"> Any direct award call-off will be subject to the framework rates as at June/July 2022. Any direct award call-off is subject to the framework call-off terms unless any other options are allowed. We don't know the outcome of the evaluation of the framework to confirm if our two incumbent suppliers will be awarded onto the framework We have not seen the framework guidance to understand compliance requirements Will have to enter into a new contract/commercial terms;

		<ul style="list-style-type: none"> • Possible TUPE issues • Possibly no continuation of business as usual
Option 3 - Use of the negotiated procedure without prior publication	<p><i>In the specific cases and circumstances laid down in regulation 32 (of the Public Contracts Regulations 2015), contracting authorities may award public contracts by a negotiated procedure without prior publication</i></p> <p><i>Reg 32 (abbreviated):</i> <i>General grounds</i> (2) The negotiated procedure without prior publication may be used for public works contracts, public supply contracts and public service contracts in any of the following cases:—</p> <p>(b) where the works, supplies or services can be supplied only by a particular economic operator for any of the following reasons:— (ii) competition is absent for technical reasons,</p> <p>but only, in the case of paragraphs (ii) and (iii), where no reasonable alternative or substitute exists and the absence of competition is not the result of an artificial narrowing down of the parameters of the procurement;</p> <p>(c) insofar as is strictly necessary where, for reasons of extreme urgency brought about by events unforeseeable by the contracting authority, the time limits for the open or restricted procedures or competitive procedures with negotiation cannot be complied with</p> <p>(4) For the purposes of paragraph (2)(c), the circumstances invoked to justify extreme urgency must not in any event be attributable to the contracting authority.</p>	<p>Pros:</p> <ul style="list-style-type: none"> • This route allows for a quick timeframe
		<p>Cons:</p> <ul style="list-style-type: none"> • The Council would be required to justify that competition is absent for technical reasons in this scenario. • Circumstances don't exist which could justify extreme urgency. • We would be required to publish a notice on Find a Tender Service and Contracts Finder that we had awarded contracts following this procedure • The notification could prompt a challenge to the decision • We would be required to negotiate with both incumbent suppliers to set contract and commercial terms.

Option 4 - Continue using the expired contracts	Continue using the existing services once the contracts have expired until the new arrangements have been put in place.	<div> Pros: </div> <div> Cons: <ul style="list-style-type: none"> • This would be against the advice of both Legal Services and Corporate Procurement Services. • This is not compliant with the Council's Procurement and Contract Governance Arrangements and the Public Contracts Regulations 2015. • The contractors may decline to continue working with the Council in this manner • The service must understand the risks of operating outside of any formal contract arrangements and understand the risks of reduced legal protection etc. • Commercial instability as outside of any formal contractual arrangement (prices may increase) </div>
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Appendix 8

Title of proposed EIA	Housing Repairs, Maintenance and Investment 2024
Reference No	EQUA978
EA is in support of	New Strategy
Review Frequency	No preference
Date of first review	02/09/2022
Directorate	Neighbourhoods
Division	Capital Investment and Repairs
Service Area	Capital Investment Team
Responsible Officer(s)	<input type="checkbox"/> Lorraine Long
Quality Control Officer(s)	<input type="checkbox"/> Kieran Cronin
Accountable Officer(s)	<input type="checkbox"/> Sarah Ager
Purpose of proposal	To ensure that the Housing Repairs, Maintenance and Investment 2024 paper meets the requirement of the Equality Impact Assessment
Data sources	Consultation Results; relevant reports/strategies; Statistical Database (please specify); relevant research
Please include any other sources of data	Northgate, Apex stock condition database, internal keyperformance indicator reports
ASSESS THE IMPACT AGAINST THE PROTECTED CHARACTERISTICS	
Protected characteristic: Age	Service Users / Stakeholders; Wider Community
Age details:	All residents are impacted. However it must be noted significant support arrangements are in place to support.
Protected characteristic: Disability	Service Users / Stakeholders; Wider Community
Disability details:	All residents are impacted. However it must be noted significant support arrangements are in place to support.
Protected characteristic: Sex	Service Users / Stakeholders; Wider Community
Gender details:	The service provides support as required or when specific in order to ensure no discrimination takes place.

Protected characteristics: Gender Reassignment

Service Users / Stakeholders; Wider

Community

Gender reassignment details:

The service provides support as required or when specific in order to ensure no discrimination takes place.

Protected characteristics: Marriage and Civil Partnership

Service Users/ Stakeholders; Wider Community

Marriage and civil partnership details:

The service provides support as required or when specific in order to ensure no discrimination takes place.

Protected characteristics: Pregnancy and Maternity

Service Users / Stakeholders; Wider Community

Pregnancy and maternity details:

The service provides support as required or when specific in order to ensure no discrimination takes place.

Protected characteristics: Race

Service Users / Stakeholders; Wider Community

Race details:

All contractors and BCC staff are bound by statute to ensure compliance.

Protected characteristics: Religion or Beliefs

Service Users / Stakeholders; Wider Community

Religion or beliefs details:

These improvements to residents' homes are being delivered in a sensitive and respectful manner. The contracts require that all operatives and staff are trained to ensure that no one is discriminated against and that all needs are catered for respectfully and in compliance with statute.

Protected characteristics: Sexual Orientation

Service Users / Stakeholders

Sexual orientation details:

The service provides support as required or when specific in order to ensure no discrimination takes place.

Socio-economic impacts

Please indicate any actions arising from completing this screening exercise.

Any improvements to residents' homes will be delivered in a sensitive and respectful manner. The contracts require that all operatives and staff are trained to ensure that no one is discriminated against and that all needs are catered for respectfully and in compliance with statute.

Please indicate whether a full impact assessment is recommended

NO

What data has been collected to facilitate the assessment of this policy/proposal?

Customer satisfaction rating confirms that there is a high level of satisfaction amongst all service users. When the improvements are carried out to residents' homes, customer satisfaction will be monitored.

Consultation analysis

The consultation process is through City HLB who represents all council residents and also City LLB who represents all Council leaseholders. Local agencies regularly liaise with our service where people are identified as needing specific support.

Adverse impact on any people with protected characteristics.

Every effort is made to ensure that no customer is adversely affected. Works are dealt with in compliance with statutory legislation and, where appropriate, in line with policies which have been consulted on with tenants and leaseholders.

Could the policy/proposal be modified to reduce or eliminate any adverse impact?

The primary objective is to respond to individual needs on a bespoke basis. Everyone has the right to be treated with respect and as an individual. Therefore, although policies provide a useful guideline, the needs of individuals vary widely and every effort is made to cater for specific needs as they arise. i.e. the call centre offer language translation services.

How will the effect(s) of this policy/proposal on equality be monitored?

The approach will continue to be monitored based on customer feedback at all times.

What data is required in the future?

Continued monitoring of complaints and customer satisfaction feedback to ensure we are meeting the needs of all protected characteristics.

Are there any adverse impacts on any particular group(s)

No

If yes, please explain your reasons for going ahead.

N/A

Initial equality impact assessment of your proposal

All staff and contractors are bound

by the Equality Act 2010. Therefore, every effort is made to support the needs of all service users and more specifically those with protected characteristics. There is no indication at present through complaints data or customer satisfaction that we are falling short of our statutory obligations.

Consulted People or Groups

Informed People or Groups

Summary and evidence of findings from your EIA

Ongoing consultations with residents / residents groups / contractors will be carried out during the procurement activity.

QUALITY CONTROL SECTION

Submit to the Quality Control Officer for reviewing?

No

Quality Control Officer comments

Reviewed and passed to accountable officer for approval - some typos corrected

Decision by Quality Control Officer

Proceed for final approval

Submit draft to Accountable Officer?

Yes

Decision by Accountable Officer

Approve

Date approved / rejected by the Accountable Officer

09/09/2022

Reasons for approval or rejection

Please print and save a PDF copy for your records

Yes

Content Type: Item

Version: 29.0

Created at 02/09/2022 09:21 AM by ☐ Lorraine Long

Last modified at 09/09/2022 01:50 PM by Workflow on behalf of ☐ Sarah Ager

Close

Environment and Sustainability Assessment

Appendix 9

Project Title:	Housing Repairs, Maintenance and Investment 2024			
Directorate: City Housing	Team: Capital Investment and Repairs	Person Responsible for assessment: Steve Wilson		
Date of assessment: 08/09/2022	Is it a new or existing proposal? New			
Brief description of the proposal: The contract 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 1 st April 2024 onwards.				
Potential impacts of the policy/development/ decision on:	Positive Impact	Negative Impact	No Specific Impact	What will the impact be? If the impact is negative, how can it be mitigated, what action will be taken?
Natural Resources - including water, soil, air			✓	
Energy use and CO ₂ emissions			✓	Mitigation of impact is not known until contracts are selected. The inclusion of KPIs are to be included into any future procurement which will place a requirement on the supplier to address/acknowledge their current emissions and the steps they will take to reduce over the length of the contract awarded.
Impact on local green and open spaces and biodiversity			✓	
Use of sustainable products and equipment			✓	Mitigation of impact is not known until contracts are selected. The inclusion of KPIs are to be included into any future procurement which will place a requirement on the supplier to address/acknowledge their current

				emissions and the steps they will take to reduce over the length of the contract awarded.
Minimising waste			✓	Mitigation of impact is not known until contracts are selected. The inclusion of KPIs are to be included into any future procurement which will place a requirement on the supplier to address/acknowledge their current emissions and the steps they will take to reduce over the length of the contract awarded.
Council plan priority: a city that takes a leading role in tackling climate change	✓			Tender will be based on the contractors role in tackling climate change.
Overall conclusion on the environmental and sustainability impacts of the proposal	The contract commitments will remain stabilised if not improved as the contractors commit to be on the journey with us.			