

<b>OVERVIEW AND SCRUTINY CALL-IN SUB-COMMITTEE</b>	<b>DATE:</b> 16 December 2021	<b>ITEM NO:</b> 4
<b>TITLE:</b> Call in report for Decision - Contractor appointment for Borough Wide Temporary Accommodation – Vacant Properties Repairs	<b>WARDS</b> All	
<b>CHIEF OFFICER:</b> Director of Housing and Safer Communities	<b>CABINET MEMBER</b> Cabinet Member for Housing	
<b>DECISION CLASSIFICATION</b> Non-exempt report	<b>IS THE FINAL DECISION ON THE RECOMMENDATIONS IN THIS REPORT TO BE MADE AT THIS MEETING?</b>  Yes	

## 1. **Decision Required**

1.1 This report makes the following recommendations to the decision-maker:

- note the decision of Director of Housing and Safer Communities on 18<sup>th</sup> November 2021 and take no further action; or
- refer the decision to the Director of Housing and Safer Communities for reconsideration, together with sub-committee comments relating to the call-in reasons and alternative decision sought;

## 2. **Links to the Royal Greenwich high level objectives**

2.1 This report relates to the Council's agreed high-level objectives as follows:

- A Healthier Greenwich
- A Safer Greenwich
- A Great Place to Grow Up

### **3. Purpose of Report and Executive Summary**

- 3.1 Part 4B of the Council’s Constitution (Overview and Scrutiny Procedures) includes a procedure under which decisions taken by Cabinet or Cabinet Member, or key decision taken by Chief Officers under delegated powers, may be “called in” for further consideration. The “call-in” procedure has been invoked in respect of a decision taken by the Director of Housing and Safer Communities on 18<sup>th</sup> November 2021:

Agree to the award of framework agreements with the following:

- Max Building Services Ltd (“Max”) (company registration number 06403002)
- A.T.P.B Ltd (“ATPB”) (company registration number 09615960)
- City Heights London Ltd (“City Heights”) (company registration number 05213766)

for the provision of repairs to Boroughwide Temporary Accommodation (BTAs). The named contractors provided the most advantageous tenders in accordance with Contract Standing Order (CSO) 28.3

### **4. Decision Called-In**

- 4.1 The report considered by the Director of Housing and Safer Communities is attached as Appendix A.
- 4.2 That decision has been called-in by Councillors Spencer Drury and Roger Tester in line with the Overview and Scrutiny Procedure Rules (Part 4B of the Constitution). The reason for calling in the decision is stated as follows on the completed form:

*“The decisions (1.1 and 1.2) appear to mark a substantial change in the Council’s policy with regards to the privatisation of housing repairs which needs to be examined in more detail.*

*The justification being given for the privatisation of this section of the housing repairs service is:*

*This element of work needs to be carried out by additional contractors due to the lack of capacity of our in-house trades and the specialist skills required for carrying out repairs and maintenance work to these properties.”*

*However, this justification could easily be extended to cover the new Council housing which is being built across the Borough but does not seem to cover these extra homes.*

*Other comments which seemed to justify a wider change to the repairs service include a suggestion that private firms are needed to ensure “that repairs to these properties are carried out on a timely basis” (4.3) and that the work is “both seasonal and variable” (5.2).*

*We wish to understand why the recommended decision is not 5.2 (Expand in-house capacity) which would seem to be consistent with the Council’s general policy of using its own workers to repair its housing stock.*

*In addition, if the logic which requires private contractors to be used to repair the Borough Wide Temporary Accommodation is correct, why does it not apply to other (particularly new) Council properties?”*

- 4.4 The alternative decision sought by the two Members who called in the decision is:

*“To agree the available option in 5.2 of the decision report which is to expand in-house capacity, the service to seek to employ additional resources, and increase the associated plant and equipment needed to support the work.”*

## **5. Call-in Procedure**

- 5.1 In accordance with the procedures for the call-in of items, the two Members (Councillors Spencer Drury and Roger Tester) who are signatories to the call-in have been invited to the Meeting and will have an entitlement to address the Meeting.
- 5.2 The Director of Housing and Safer Communities whose decision has been called in has also been informed that the matter is to be re-considered and invited to this Meeting.

## 6. Introduction and Background:

- 6.1 Royal Borough of Greenwich Repairs and Investment Service is provided through joint capacity of an in house DLO (direct labour organisation) and additional external contractor capacity where needed.

The DLO retains around 170 Trade Operatives employed of which c.37 work directly within the Void (empty homes) section.

- 6.2 The borough wide temporary accommodation programme (street property acquisitions) has been running since 2016. To date 495 properties have been purchased and a there is approval currently being sought for 24 more purchases. The annual breakdown of purchases is below:

	2016	2017	2018	2019	2020	2021	Total
Properties Purchased	19	71	94	157	77	77	495

- 6.3 There is clearly an annual variability on the number of homes received through this programme.
- 6.4 The acquisition of street properties has historically been funded from 30% right to buy receipts and 70% prudential borrowing, following legislation change on 1<sup>st</sup> April 2021 the funding from right to buy has increased to 40% with 60% from prudential borrowing. This borrowing is through the General Fund and these properties sit within the council's General Fund. These properties are used as temporary accommodation for those who are homeless or at risk of homelessness, so the timely provision and reletting of these properties is important from a financial and a moral view point. The business case for these purchases was to provide higher quality, lower cost temporary accommodation rather than using spot purchase "Emergency Overnight Accommodation".
- 6.5 As the acquisitions programme is funded by 30% Right to Buy (RTB) receipts there is a risk to the number of acquisitions that are able to be completed over the coming years. Proposed changes to the RTB rules and the reduction of the number of properties which are sold through RTB for the previous few years, could result in as few as 30 – 50 units being purchases each year, which would be a significant decrease in workload.
- 6.6 The property acquisitions programme is managed in line with the voids property service within the DLO. The current business model for void

properties is for the in-house DLO to complete most “standard” voids (works under £10,000) with any voids over £10,000 generally given to external contractor capacity to ensure any specialist works can be completed and continue to seek a timely turn around on reletting empty homes for residents.

6.7 In 2020 the Repairs and Investment Service retendered its Framework contracts for additional external contractor capacity. The winners of this tender were:

- i) T-Brown
- ii) Gillmartins
- iii) Greyline

This framework is to compliment the existing in house DLO resource and can be used to facilitate any excess demand or specialist work that it would not be “efficient” to carry out in-house i.e. requiring specialist skills or equipment. Previously other contractors were on this Framework before being retendered.

6.8 The acquisitions programme (street properties) have not been refurbished at any point via our in-house DLO team. They have been ran as a separate capital scheme though the external framework contractors. The average cost to refurbish one of these voids in 2019/20 was £10,171.

6.9 Prior to the pandemic in 2020. Housing held around 200 – 250 voids properties that it would be working to re-let at any one time. This signified around 1% of the overall housing stock and was on track for between 1-1.5% of void loss (c.£1,000,000 to £1,500,000) per year.

6.10 The pandemic had a significant impact on our in-house ability and external contractors’ ability to refurbish empty homes, with initial guidance meaning that operatives were to stay home and no works were completed. Leading to a significant backlog in empty properties. The figure is variable weekly depending on number of homes let versus number of homes received weekly. On average 16 homes are received per week. Meaning 17 homes need to be relet per week to reduce the overall number of empty homes.

6.11 There is currently an action plan in place to tackle this backlog of void properties with the target returning to pre-pandemic levels by end of 2022/23.

- 6.12 Our in-house team are currently working within 45 empty properties.
- 6.13 Sign off has just been approved to bring in an additional 4 x Labourers into the voids team and an additional 4 x Multi-trade operatives to fill vacancies and increase in house capacity. This additional capacity however will be focussed on decreasing the backlog of empty council homes and will not focus on the borough wide temporary accommodation.
- 6.14 Our current three framework contractors are raising concerns over their ability to complete a high level of void properties. This is due to pressures such as Brexit and the Pandemic causing a well documented national shortage in labour and materials and having a impact on their ability to deliver in volumes. We continue to work with them on these issues.
- 6.15 Given that our current framework contractors and in house team are at capacity the service went out to tender for local businesses who would be able to prove they had capacity available to react quickly and refurbish these empty properties on the Borough Wide Temporary accommodation programme.
- 6.16 To summarise:
- i) There is a significant backlog of current work for the in-house voids DLO to progress with. Additional resources are being recruited to reduce this backlog.
  - ii) The borough wide temporary accommodation programme has always been refurbished through additional capacity contractors.
  - iii) Our current framework contractors are at capacity and not able to pick up significant number of additional empty homes.
  - iv) There is a variability of numbers of homes that are received through the borough wide temporary accommodation scheme and increasing in house capacity could lead to less efficiency due to a reduction in workload.
  - v) Local contractors, who have shown a capacity to deliver, have been sought to ensure that properties are refurbished and relet in a timely fashion to reduce loss of income and improve outcomes for homeless households.

## **7. Options**

- 7.1 Part 4B of the Council's Constitution (Overview and Scrutiny Procedures) sets out three options:

- 7.2 **Option 1:** note the decision of the Director of Housing and Safer Communities and agree to take no further action.
- 7.3 This would allow the decision to award the framework agreements for the provision of BTAs with the named contractors to proceed; in which case the decision will have immediate effect and be implemented.
- 7.4 The Council acquires properties to be used as Temporary Accommodation. These properties require extensive restoration repairs and have to be restored to lettable standards prior to being made available to house homeless people
- 7.5 This work needs to be carried out by additional contractors due to the lack of capacity of our in-house trades and the specialist skills required for carrying out repairs and maintenance work to these properties to ensure that they can be refurbished and relet in a timely fashion to reduce loss of income and improve outcomes for homeless households.
- 7.6 As set out above, The borough wide temporary accommodation programme has always been refurbished through additional capacity contractors.
- 7.7 **Option 2:** refer the decision to the Director of Housing and Safer Communities, for reconsideration, together with the sub-committee's comments relating to the call-in reasons and the alternative decision which is sought.
- 7.8 If the comments made could be reconsidered without amendments to the framework agreements this could allow for matters to proceed as under Option 1. This option is not recommended as comments that require amendments and re-negotiation will add to the backlog.
- 7.9 **Option 3:** refer the decision to Full Council, if the decision is considered contrary to the Budget and Policy Framework.
- 7.10 This option is not applicable to this particular call-in. The decision is not contrary to the budget framework as the contracts were tendered correctly and in line with the scheme of delegation for the council and are capital resources within existing budgets.
- 7.11 Finance comments in Section 9 of the original decision report (attached as Appendix A) confirm that departmental costs arising from the proposal are in

line with the Royal Borough's budget. As with all funding, undertakings must be completed within the sums agreed. This will be managed through the Council's usual financial, risk and project management procedures. The decision is not contrary to any policies within the Council's approved policy framework.

## **8. Preferred Option**

8.1 Option 1 is recommended as the preferred option. This would allow the decision to agree the award of framework agreements for the provisions of repairs to the BTAs to proceed. The Council acquires properties to be used as Temporary Accommodation using RTB. These properties require extensive restoration repairs and have to be restored to lettable standards prior to being made available to house homeless people.

## **9. Reasons for recommendation**

9.1 The preferred option is recommended as the only viable option. This would allow the decision to grant the framework agreements to proceed. There is a requirement for this work to be carried out and there is limited capacity internally or externally. The preferred option is the only way to ensure that the work on BTAs can be carried out.

## **10. Consultation Results**

10.1 No separate public consultation on the preferred option has been undertaken or is appropriate. As set out in Appendix A, a consultation exercise was undertaken to ascertain whether this work can or should be undertaken internally.

## II. Cross-Cutting Issues and Implications

Issue	Implications	Sign-off
<p><b>Legal</b> including Human Rights Act</p>	<p>The legal implications relating to the proposed Legal Agreement are set out in the Director’s Report.</p> <p>The legal implications and procedure relating to this call-in are described throughout the report.</p> <p>The two alternative options available to the sub-committee are set out in Paragraph I of the Report.</p>	<p>Davidaire Horsford Assistant Head of Legal Services 7/12/2021</p>
<p><b>Finance</b> and other resources</p>	<p>Financial implications are set out in the Directors report. There are no further financial implications arising as a result of this report.</p>	<p>Jason Coniam Accountancy Business Change Manager 06/12/2021</p>
<p><b>Equalities</b></p>	<p>The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no apparent equality impact on end users.</p> <p>OR: Decision-makers are reminded of the requirement under the Public Sector Equality Duty (s149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. The decisions recommended through this paper could directly impact on end</p>	<p>Richard Parkin Senior AD Repairs and Investment 07/12/2021</p>

	users.  In addition, what contribution does this report make to the Council's Equality and Equity Charter and the Council's Equality Objectives 2020-2024?	
<b>Climate change</b>	This report has little or no impact on the council's climate change agenda	Richard Parkin Senior AD Repairs and Investment 07/12/2021

## 12. Appendices

12.1 Appendix A – Decision Report – Contractor appointment for Borough Wide Temporary Accommodation – Vacant Properties Repairs

12.2 Appendix B – Notice of Call-in

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