

## **Resources and Governance Scrutiny Committee**

### **Minutes of the meeting held on Thursday, 24 August 2023**

#### **Present:**

Councillor Simcock (Chair) – in the Chair

Councillors Andrews, Connolly, Evans, Kilpatrick, Lanchbury and Wheeler

#### **Also present:**

Councillor White, Executive Member for Housing and Development

Councillor Karney

Councillor Leech

**Apologies:** Councillor Brickell and Davies

#### **RGSC/23/45 Interests**

Councillors Connolly and Wheeler declared a personal interest in items 4 - Call in of decision: MCC Housing Services – Equans Extension – and would remain in the meeting for the duration of discussions.

#### **RGSC/23/46 Call In - Extension of Repairs and Maintenance contract for MCC Housing Services**

The committee considered a Key Decision that had been called in by five members of the Council to ascertain whether this complied with the Council's decision-making process. If the Committee believed that this had not been complied with, it could then refer the matter back to the decision-maker for reconsideration.

On behalf of those who had signed the request, Councillor John Leech was invited by the Chair to explain the reasons for calling in the decision made by the Deputy Chief Executive and City Treasurer to extend the current Equans Housing Services Contract for the provision of the housing operations repairs and maintenance service for up to 3 years from April 2024 to April 2027.

Councillor Leech explained that he proposed the call-in of this decision due to concerns around value for money, and whether the decision constituted the best option for tenants, the workforce and the Council; the use of subcontractors and agency staff by Equans; and concerns raised by Unite the Union regarding health and safety, changes to the sickness absence policy, a failure to address accusations of bullying and harassment towards their members and a lack of trust in management. He also highlighted how the Council was still addressing historic challenges from the transfer of the Northwards housing stock to the Council's management.

Councillor Leech stated that the report failed to provide any evidence to support the outcome of the feasibility study, which suggested that extending the current contract with Equans provided best value for money. He also queried whether alternative options had been fully considered.

In line with Council procedures, the Committee were invited to ask questions of Councillor Leech. In response to a query from the Chair regarding how Councillor Leech thought the decision-making process had been deficient, he reiterated that there was a lack of justification as to why alternative options for the contract had been dismissed. Councillor Leech also stated that he believed it would be difficult for the committee to endorse the decision without information on the alternative options considered, although he acknowledged the time sensitivity around the contract extension.

The Deputy Chief Executive and City Treasurer and the Director of Housing Services were in attendance to answer questions of the Committee.

As the decision-maker, the Deputy Chief Executive and City Treasurer explained that Key Decision Notice was published following consultation with the Housing Advisory Board, Major Contracts Oversight Board and the Resources and Governance Scrutiny Committee. She stated that the Council was still in the process of embedding the former Northwards housing stock into the Council's oversight and this limited capacity to undertake another major insourcing project.

She addressed some of Councillor Leech's concerns and explained that the Council had and would continue to consider alternative options for the housing repairs and maintenance contract. She stated that value for money could be demonstrated through feedback from tenants and advised that the Head of Internal Audit had been requested to undertake a quality assurance exercise on the key performance indicators (KPIs) for the contract.

The Deputy Chief Executive and City Treasurer also stated that the Council took the concerns raised by Unite the Union seriously but reiterated that resolving HR issues was the responsibility of Equans.

Members sought clarification from the Deputy Chief Executive and City Treasurer on the alternative options for the contract and the timescales around employing a break clause in the contract in the first year of its extension. The committee was advised, in response, that it would be ambitious to exercise a break clause within the first year and that the Council would need to be mindful of the volume of work that this would impact. She reiterated that work was underway to understand future opportunities for the contract.

In response to other queries, it was confirmed that work to scope the Internal Audit review of KPIs was underway and confirmation would be given at a later date as to when the outcome of this review would be reported to the Audit Committee. It was

also confirmed that the Major Contracts Oversight Board considered reputational issues when considering any contract.

The Director of Housing Services informed the Committee that there was an overall satisfaction rate of 82% amongst tenants in June 2023 and that there were now more directly employed staff members on the contract with hopes of increasing the number of apprentices employed. He also recognised the benefit of expert knowledge afforded by employing subcontractors and agency staff. The Committee was also advised that specific issues would be taken seriously and raised directly with Equans management team once made aware.

In response to a member's query around those tenants that did not respond to the satisfaction survey, the Director of Housing Services explained that work was being undertaken to build stronger connections with tenants and acknowledged that the survey was a representative sample with more work needed to guarantee a higher response rate.

The Director of Housing Services also provided assurances that he would continue to engage with Unite the Union on the issues raised by their members.

The Executive Member for Housing and Development explained that the delivery of repairs and maintenance within the housing stock was a key priority for the Council and that this was a frequent subject of discussion at the Housing Advisory Board, where tenant representatives were in attendance. He highlighted that it was a political decision to pursue insourcing where appropriate and reiterated previous comments made that the concerns raised by Unite the Union were taken seriously.

The Deputy Chief Executive and City Treasurer, the Director of Housing Services and the Executive Member for Housing and Development all expressed their confidence that the correct decision-making processes had been followed.

The Chair called Councillor Pat Karney as a witness in his capacity as the elected member of a ward in which much of the Council's housing stock was located. Councillor Karney reiterated the importance of having a good housing repairs service. He stated that it would be irresponsible to bring this service in-house whilst the Council was still working to embed the old Northwards service and that doing so would have a detrimental impact on residents.

In coming to their decision, members of the Committee noted that 12 months would not be sufficient time to bring the service in-house but welcomed ongoing work to identify ways in which this could be brought forward in future. Members recognised the enormity and complexity of bringing the service in-house and acknowledged the improvements made so far. They welcomed the suggestion of yearly reviews of the contract and insourcing capacity and acknowledged the need to get the contract right and learn lessons.

**Decision: (5:1:1)**

That the decision taken by the Deputy Chief Executive and City Treasurer on 24 July 2023 to extend the current Equans Housing Services Contract for up to 3 years from April 2024 to April 2027, for the provision of the housing operations repairs and maintenance service, should stand.