



## TOWN AND COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE

**Subject Heading:**

**A review of how well council housing manages major works to peoples' homes**

**CMT Lead:**

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**Policy context:**

HRA Policy and budgets

### SUMMARY

This paper reports on a review of a sample of cases where problems have occurred during the course of the delivery of major works projects to Council owned stock. The review looked at what measures were undertaken to remedy issues as they arose, what themes were common and lessons learnt as a result of the completed examination. The report will also detail actions being taken to ensure our contractors provide a good service.

### RECOMMENDATIONS

Members of the committee note the findings of the case studies and the actions being taken by Housing Services

### REPORT DETAIL

#### 1.0 Introduction

- 1.1 The Council has recently completed the major four year investment programme started on the award of Decent Homes Backlog Funding (DHBF) in December 2010. The investment required in the Housing stock

was significant and the level of non-decency within the stock, at the start of the programme, was **64.3%**, the second highest in England. A large proportion of the required investment had been the source of resident dissatisfaction for some considerable time and a culture of “make do and mend” was prevalent.

- 1.2 On the award of DHBF a detailed and comprehensive Delivery Strategy was produced to utilise the presence of framework arrangements, a key driver of bidding success, and to continue with the drive towards involving local small and medium sized enterprises (SME) in the borough. At the commencement of the DHBF programme the partnership with Morrison had contractual facility to undertake large parts of the programme, which was exploited, and the Council (formally via the ALMO) had its own frameworks in place for other key elements. The Delivery Strategy, formally adopted by the Council in December 2012, also specified other methods of procurement to be used. The strategy also addressed the issue of the Morrison partnership coming to an end in 2013 and the decision to have service focused contracts for day to day repairs and voids moving forward.
- 1.3 The funding agreed with the GLA had profiled a large proportion of the DHBF grant in the last two years of the scheme. In addition to this members took a decision to increase the HRA contribution to capital for 2013/14 and 2014/15 in order to accelerate the completion of the decent homes programme. The current rate of homes compliant with the decent homes standard is 98.13%

The works undertaken fell into a variety of work streams, these were:

Windows Decent Homes	Major Voids
Kitchens Decent Homes	Structural
Kitchens Completed at Void Stage Decent Homes	Electrical Upgrade - not DH related
Heating Decent Homes	Tower Block Works Beyond Decent Homes
Electrical Decent Homes	Communal Works (Flats Above Shops)
Doors Only Decent Homes	Legionella
Roofs Decent Homes	Fencing / Boundary Walls
Bathrooms Decent Homes	Drainage
Bathrooms Completed at Void Stage Decent Homes	Asbestos Removal
Insulation - Decent Homes	Works to Redundant Garage Sites (Not

	earmarked for housing development)
Non-Traditional Houses Remedial Works - Decent Homes	DDA Fire Protection
Tower Block Refurbishments - All works Decent Homes	Care line equipment
Sheltered Housing & Hostels Decent Homes Works	Sheltered Conversions above Decent Homes
Stock condition surveys	Environmental Improvements
Aids and Adaptations	

- 1.4 The two projects selected for case study were the refurbishment of kitchen and bathrooms in occupied premises in various locations and the retrofit of insulation and associated refurbishment works to non-traditionally constructed houses. Both projects were completed during the 2014/15 DHBF programme.

## 2.0 Findings

- 2.1 The review revealed that customer experience of the projects varied with the Kitchen and Bathroom project being unsatisfactory and the Insulation to Non Traditional Houses being, in the main, well received. It should be noted both packages of works were delivered by Framework contracts and the contract documents and management arrangements had been identical.
- 2.2 The review revealed in the case of the kitchen and bathroom contract a series of common themes associated with poor performance had been experienced during the project duration, these are listed below.
1. Disruption and inconvenience caused by the works
  2. Failure to adhere to agreed time scales for works
  3. Poor quality of finishing
  4. Lack of respect to residents
  5. Inability to communicate
  6. Failure to keep promises to rectify problems in a timely manner
- 2.3 The review revealed the problematic aspect of the delivery of the Insulation to Non Traditional Housing project was the disruption caused to residents by scaffolding erected to all elevations of the houses in question. This related to traffic management issues associated with delivery of bulk materials and the intrusive nature of the equipment involved.

### **3.0 Pre contract preparation and control measures.**

3.1 In order to comply with the Councils' Contract Procurement Rules (CPR) contractors are selected from the Constructionline data base. Constructionline undertake a pre-registration assessment of a contractor and reviews various aspects relating to technical competence, references, health and safety record etc. The contractors' financial standing is verified as being of suitable capacity to undertake contracts. The value of these works range from £100,000 to in excess of £1m. The award criteria adopted by the Council in its CPR's is to award to the lowest compliant bid. The Delivery Strategy allows the use of the various contractor frameworks. These have been through a rigorous EU procurement compliant procedure. In awarding contracts through the LHC we tender to the contractors who have been awarded the framework via the LHC mini tender procedure.

3.2 All of the tender invitations are created with colleagues in Operational Procurement to ensure the selection criteria comply with the Council's CPR's. The instructions to tenderers have clear procedure statements on the following matters:

- Expected standards of work and conduct
- Working in occupied premises
- Working with vulnerable people
- Contract default protocols – 3 default notices results in determination.
- Use of standard forms of contract – these include damages for late works, contractual obligations etc.

3.3 All of the work streams had a specific delivery mechanism designed and utilised as a "process" of delivery. Both of the case studies had been delivered via a framework contractor following a mini competition inside the selected framework contractors. Both case studies had detailed specifications associated with the relevant work stream which had been developed over the last four years' experience of stock investment and decent homes works. These were also developed with input from a previously constituted steering group and feedback from tenants who had received the service. The detailed instructions included within pre contract directions were:-

- Target duration of works – including specifying a maximum duration and a sequence of operations.
- Target rate of completion related to the duration, known as "run rate". This is to ensure contractors have a clear understanding of labour and materials resourcing required.

- Minimum expectations of disruption to essential facilities and what must be provided in the interim by the contractor.
- Detailed requirements to protect areas adjacent to works.
- Detailed health and safety requirements for both works to blocks and individual dwellings.
- Requirements for contractors to provide resident liaison officers (RLO) to each contract.
- Detailed instructions on preparation of project relating to asbestos surveys, design, newsletter frequency (blocks), resident profiling etc.
- Requirement for operatives to either have reasonable command of English or be provide with support to deal with H&S issues and communicating with residents.

3.4 Each of the work streams had a dedicated project surveyor supervising from inception to completion. Both of the case study packages were of a dispersed nature several project surveyors appointed looking after a specific work stream. To support the project surveyor a clerk of works was assigned to be responsible for the finished quality of the works and health and safety conduct of the contractor. Furthermore, one of our RLO's supported the interaction between the resident, contractor's RLO and the project surveyor.

3.5 Both contracts were subject to pre start meetings where all of the specification, site and resident specific matters were discussed and contact regimes agreed. Both contracts had a regular progress meeting to discuss all aspects of the project and how matters were progressing. In addition periodic inspections were carried out on work in progress by the project surveyor and final sign off of the physical works on completion of all works.

#### **4.0 How did we react to the issues faced by residents?**

4.1 Where issues of poor performance were experienced action was taken to bring matters to conclusion for residents and to bring contractual pressure on the contractors involved. It should be noted the actions listed below where associated with the Kitchen and Bathroom case study. Issues associated with the Insulation project were positive and the case study revealed a number of "lessons learnt" as reference points of good practice. The key actions taken are listed below. The review found action was taken against contractors promptly.

1. Issued Contract Default Notices to kitchen and bathroom contractor.
2. Conducted face to face meetings with senior officials of the contractor involved and expressed our dissatisfaction in the strongest terms.
3. Instructed the provision of corrective action plans from contractor to hold them to account for the actions promised.

4. Increased the levels of supervision associated with the Kitchen and Bathroom contracts by employing an additional Clerk of Works to focus on work in progress inspections.
  5. Directed all our RLO resources onto the issues with Lakehouse and Wates and daily site tours were conducted to locations where correction works were taking place.
  6. Reiterated to residents with issues with any contractor to contact the Capital Works Team if the contractors RLO's failed to keep their undertakings.
  7. Formally requested the framework organisation to suspend the contractor from working on any frameworks for LB Havering.
- 4.2 The administration resource within the Capital Projects Team acted as a "service desk" for aspects associated with progress or other issues with the programmes. All Property Services Teams have a case tracking system which does not conclude a case until a resident confirms matters have been addressed. The review found that residents were kept informed of progress by the team to resolve the issues raised.

## **5.0 Lessons Learnt**

- 5.1 The case studies have revealed lessons learnt from both issues of poor performance and where one of the projects delivered a successful outcome for both residents and the Council.
- 5.2 Areas of good practice derived from the Insulation to non-traditional housing contract shows there was:
- Longer preparation time to engage in supply chain scrutiny – main contractor's sub-contractor selection.
  - Contractual enforcement of terms and conditions in sub-contractors selection
  - Detailed guidance to residents on the disruptive nature of the works and service adjustment arrangements which can be accommodated – shift workers, adjoining owner notices etc.
  - On site presence of contractors site managers in a single locality to allow for residents to access face to face in the event of a problem.
- 5.3 The case study associated with the kitchen and bathroom project showed the issues associated with difficulties were largely attributable to unsatisfactory contractor performance. The points listed in paragraph 5.2 would ensure from the primary conception only contractors prepared to provide services in this manner would be considered as acceptable to work in Council housing.

- 5.4 The case study also showed the issue associated with language barriers to be a real concern, not only from a communication perspective but also from a health and safety view. We shall amend documents to ensure this point is demonstrable and to be wider than just a supervisor or team leader.
- 5.5 The case study further identified a weakness in the pre survey process undertaken by the Council, initially, and later by the contractor. The current processes only focus on potential matters affecting progress and do not cater for issues which impact on the well-being of the resident. The team are amending the pre survey process to have greater emphasis on matters such as safe storage of resident's belongings, working patterns etc.