

**5<sup>th</sup> March 2019**

**Community, Health and Housing Committee**

**Progress Update on Housing Asset Management,  
Investment Programme and Compliance**

**Report of** *Angela Abbott, Housing Services Manager*

**Wards Affected:** *All*

**This report is:** *Public*

**1. Executive Summary**

- 1.1 This report provides the committee with a progress update on Housing Asset Management, Investment and Compliance in Housing.
- 1.2 This update report follows on from the previous progress report on these matters which were provided to the 11<sup>th</sup> September 2018 Community, Health & Housing Committee, Min 121 refers.

**2. Recommendation(s)**

**2.1 To note the contents of the report.**

**2.2 That the Committee agree that a report on progress to demonstrate the continuing strengthening of compliance considerations, through the completion of the Housing Compliance Programme, incorporating internal audit recommendations, is a fixed Committee agenda item until March 2020, when this will be reviewed.**

**3. Introduction and Background**

**Section 101 agreement**

- 3.1 On the 21<sup>st</sup> March 2018 at an Extraordinary Council meeting the committee approved that the Council entered into a new sharing agreement for the provision of the Housing Repairs & Maintenance responsibilities and that delegated authority was given to the Section 151 Officer, in consultation

with the Leader of the Council as appropriate, to agree and formally enter the agreement once negotiations have been completed.

- 3.2 Negotiations began immediately and the Service Provider started to manage the Repairs & Maintenance service as of the 1<sup>st</sup> April 2018 under a Memorandum of Understanding until formal contracts were signed.
- 3.3 The knowledge and expertise that the Service Provider brought to Brentwood were invaluable as the Housing Department did not have the required level of knowledge to be able to deliver an effective service at that time.
- 3.4 During the past nine months, Brentwood Officers have been upskilled and vital gap analysis of all compliance related matters have been completed.
- 3.5 However, negotiations between the two parties to formalise the contract were not achieved and, on the 14th January 2019, the recommendation to cease the agreement was agreed with the service provider. This recommendation was duly communicated to the Leader and is subject to this report.
- 3.6 This decision was critical as had the delay in satisfactorily concluding the negotiations continued, then this would have jeopardised the imminent Mobilisation of the new Strategic Asset Management Contract.
- 3.7 The failure of an effective mobilisation would have placed the Council at significant financial risk, reputational damage and subsequent service failure for our residents which was unacceptable.
- 3.8 As such, formal notification was issued to the Service Provider on the 18<sup>th</sup> January 2019.
- 3.9 From the 21<sup>st</sup> January 2019, the control of all aspects of the Repairs & Maintenance functions reverted to Housing Services.
- 3.10 In order to mitigate against potential delays in service provision, in the week leading up to the handover, Housing Services ensured that recruitment of a new Repairs Manager and a Compliance Manager was in place with effect from the 16<sup>th</sup> January 2019.
- 3.11 Following the agreement to end the managed service, all asset data previously held by the Service Provider was transferred back to the Housing Service. At present the Council's I.T department and the Housing System

Administrators are working to ensure the required configuration to the Keystone Asset Management system is configured satisfactorily as part of the ongoing mobilisation of the new Strategic Asset Contract. This is intended to be completed by 31<sup>st</sup> March 2019.

### **Compliance**

- 3.12 Following the Gap Analysis in May 2018, a 'Compliance Project' was set up. This has allowed the provision of appropriate budget allocation of £603k to be put in place to improve the overall compliance of our assets and service.
- 3.13 The Compliance project team was tasked with looking at seven different areas to ensure the Housing Department is delivering safe, secure and enjoyable properties for our Tenants.
- 3.14 The compliance review is vital not only for the continued safety of our stock but also to support the new Repairs & Maintenance Contractor who will be taking over responsibility for our responsive repairs and planned maintenance programmes from Wates Living Space and Oakray as of the 4<sup>th</sup> June 2019 following a successful procurement process.
- 3.15 Compliance covers areas such as policies, monitoring arrangements, data recording and operational processes.
- 3.16 These seven areas are;
- Asbestos
  - Gas
  - Electrical
  - Legionella
  - Fire Safety
  - Construction and Design Regulations (CDM)
  - Lifts
- 3.17 In addition to this in order to ensure ongoing good practice and whilst not a statutory requirement, we also carried out a gap analysis on all Council owned retaining walls.

- 3.18 The gap analysis and resulting action plans have been 'Rag rated' in accordance to the level of risk identified. The table below provides an overview of the progress to date.

Section	No of recommendations	Risk type			Status			
		High	Medium	Low	In progress	Complete	Planned	Included as part of mobilisation
Gas	15	7	8	0	2	0	5	8
Electrical	10	2	5	3	3	2	3	2
Asbestos	12	5	2	5	2	5	5	0
Legionella	4	4	0	0	1	0	3	0
Fire	25	10	2	13	2	13	9	1
Retaining walls	3	2	0	1	0	1	2	0
CDM	2	1	0	1	0	1	1	0
Lifts	4	4	0	0	0	0	0	4

- 3.19 Members will note that progress is being made in each of the key compliancy areas where the council is not currently compliant.
- 3.20 Appendix A and B provides the dates by which tasks have or will be completed. Further detailed information can be provided on request.
- 3.21 Appendix F provides the gap analysis reports provided by the external consultants.

### **Fire**

- 3.22 As a result of the Compliance Project, the Fire Safety Policy was approved on the 3rd July 2018, through the Community, Health and Housing Committee and this provides staff a framework with which to operate and have a consistent approach to apply procedures to high risk areas.
- 3.23 To support the delivery of this Policy a Communal Area Management Procedure (CAMP) has also been developed to facilitate the removal of dumped items in all communal areas within our blocks and to create sterile environments.
- 3.24 Training was held for all front-line Housing staff by the Council's Fire Management Consultant in November 2018.

- 3.25 A program of disposal events was created to ensure effective delivery of the CAMP within a reasonable timescale.
- 3.26 Initial letters to residents in the first 3 blocks were issued on the 14<sup>th</sup> December 2018 to inform them of the Councils intention to remove all items from the Communal Areas.
- 3.27 As required by our legal department, this letter also included a Section 41 notice under the Provision of Miscellaneous Good Act which states that any items left in the communal area will become the possession of Brentwood Borough Council unless removed within 1 calendar month.
- 3.28 Appendices 2 and 3 shows the timeline for the CAMP procedure, including the progress so far with before, during and after photographs showing the extensive work of the Housing Estates Management department.
- 3.29 The feedback from residents thus far has been positive and only a limited number of items have re-appeared. Immediate action was taken on these items to maintain the sterile areas.

#### **Legionella Control Risk assessments**

- 3.30 Housing Services have commissioned Northumbrian Water Group Environmental (NWG) solutions to undertake risk assessments to 65 blocks of the communal hot and cold-water systems and produce a tailored logbook in accordance with L8 ACOP and provide a schematic drawing for each site in December 2018.
- 3.31 These include;
- Whittington Road
  - Colet Road
  - Orchard Avenue
  - Hawksmoor Green
  - Copperfield Gardens
  - Mayfield Gardens
  - The keys
  - Tower Court
  - Wilmot House
  - Mayflower House
  - Gibraltar House
  - The Gables
  - Juniper Court

- St Georges Court
- Broad Meadow
- Four Oaks

3.32 Risk assessments are to assist the Council to comply with the requirements of the Health & Safety Executive (HSE) Approved Code of Practice. The control of legionella bacteria in water systems (L8) and obligations under Health & Safety at Work etc. Act 1974 and the Control of Substances Hazardous to Health Regulations 2002. Legislative requirements for the control of legionella put the responsibility for compliance with the owner/operator of the water systems.

3.33 Under the above Acts owners and operators of water systems have the responsibility to ensure that the risk of legionellosis is minimised and kept to an acceptable level. From the site assessment we will be provided with a comprehensive report that includes the following components;

*a) Evaluation of risk of legionellosis.*

*b) Prioritised recommendations for remedial work to reduce the risk of legionellosis.*

*c) Proposals for the written scheme of control measures tailored specifically to the water fittings on the site.*

*d) Observations with respect to the findings of the risk assessment.*

*e) Asset & Outlet Registers.*

### **Legionella – Victoria Court**

3.34 Following routine laboratory water testing samples taken by Oakray and placed into test conditions until the 22<sup>nd</sup> January 2019, the laboratory identified that the bacteria levels were seen to be increasing. On the 16<sup>th</sup> January Oakray were notified of this.

3.35 Housing Officers and the Council's Health & Safety Advisor together with Oakray met on site on the 16<sup>th</sup> January to carry out a full risk assessment to determine what immediate action was required to prevent a potential outbreak of Legionella

3.36 Whilst a Legionella risk had been highlighted during the standard annual chemical analysis, no legionella were found however, some other small amounts of water borne bacteria were highlighted, which suggested a poor system quality/conditions.

3.37 It was determined that immediate preventative measures were required to drain the tanks and chlorinate the tanks to fully remove the immediate risk and decommission the existing tanks and replace with two smaller tanks to increase the frequency of turnover of water.

3.38 Daily flushing of the systems was carried out by Oakray to prevent any further occurrence of the legionella bacteria until the tanks could be replaced. Both tanks were replaced on the 30<sup>th</sup> January 2019 and the Council's Health & Safety Advisor attended site on the 5<sup>th</sup> February to ensure all works had been carried out satisfactorily.

Other premises would be checked in accordance with the statutory requirements on a cyclical basis.

3.39 Until all works were satisfactorily a member of staff was at Victoria Court on a full-time basis to ensure that no residents developed flu-like symptoms of which none were reported.

3.40 Following this incident, the Council's Compliance Manager and Health & Safety Advisor conducted an internal review to ensure that all measures implemented were appropriate and robust to prevent an outbreak of legionella.

3.41 A monthly report is produced and distributed to senior housing managers outlining key activities and areas of concern. A co-ordination meeting is also held to monitor progress on the compliance action plan monthly.

3.42 As part of this project the Repairs & Maintenance department will ensure relevant policies and procedures are in place as well as robust servicing regimes for all compliance areas.

### **Asbestos**

3.43 The Council has recently changed asbestos surveying consultants. It is a requirement to hold an asbestos register of all communal areas if you are a social landlord, however, you only must provide a dwelling survey where intensive or major works are being conducted.

- 3.44 As such, the Council has commissioned Cube to conduct a new survey of all communal areas and as a matter of best practice are in discussions to create a 6-12-month programme of dwelling surveys to support our incoming repairs and maintenance contractors.
- 3.45 At present, any void or major works property, is subject to an asbestos management survey alongside a refurbishment and demolition survey. Aire testing is also conducted where large amount of asbestos is removed or highlighted.

### **Procurement**

- 3.46 The re-procurement process began in April 2018 and the Leasehold consultation process was entered into in April 2018 notifying residents of our intention to begin the re-procurement of a new repairs & maintenance contract. Several questions were raised as a result of the consultation process and formal responses were provided to these on the 9<sup>th</sup> May 2018.
- 3.47 Following completion of the Leasehold consultation process the Council published the OJEU notice in May 2018 notifying contractors of our intention to re-procure a new repairs & maintenance contract.
- 3.48 Following conclusion of the Invitation to Submit Detailed Solutions (ISDS) evaluation, four Tenderers were invited to participate in Competitive Dialogue, and subsequently invited to submit final tenders (ISFT) for the new contract. These were Axis, Mears, Morgan Sindall and Wates.
- 3.49 During the tender period, the bidders were able to raise queries, questions and clarifications.
- 3.50 The basis of the evaluation of the tenders was an evaluation of Quality/Price on a 60/40 ratio. This method of evaluation is standard approach to ensure a high standard of works and value for money.
- 3.51 The tenders were assessed by the Procurement Project Group which consisted of Housing Managers, Corporate Services and Health & Safety Advisors from Brentwood and Asset Management Officers from Basildon Borough Council particularly due to their experience in procuring repairs & maintenance contracts, by scoring individual questions relevant to their respective expertise of the method statement using a 0-5 scoring criteria.

- 3.52 The contract procured sets out to deliver works on a Price Per Property basis. Works passed onto the new contractor will be classified as an inclusion or exclusion to the Price per Property (PPP) or Price per Void (PPV).
- 3.53 Bidders were asked to complete costings based on current data supplied on the repairs & maintenance works currently carried out by existing contractors.
- 3.54 The submitted Pricing schedules proposed an annual value for works based on the data supplied by the Council.
- 3.55 For works outside of the Price per Property model any works required outside of the PPP scope will be valued in accordance with the submitted SOR's (Schedule of Rates) in the Pricing Schedule.
- 3.56 The award Decision Notice letters, pursuant to the Regulation 86 of the Public Contracts Regulations 2015 (the "Regulations") notifying the bidders of the outcome were issued on the 21<sup>st</sup> November 2018.
- 3.57 Following approval at Ordinary Council the stage two leaseholder notification letters (Notice of Landlords Proposals) to all leaseholders notifying them of the award of contract to Axis, were issued in January 2019 with the observation period closing on the 22<sup>nd</sup> February 2019.
- 3.58 Once all responses have been reviewed the formal contract can be signed by both parties in preparation for a contract start date of 4<sup>th</sup> June 2019.
- 3.59 Mobilisation of the new contract is proceeding very well. On the 24<sup>th</sup> January 2019 an initial workshop was held to identify the key actions required to deliver a successful mobilisation output. Officers from both parties attended this workshop and the formation of the ongoing partnership was started.
- 3.60 A Mobilisation Plan can be found at Appendix D.
- 3.61 As part of the new contract within the first 3 years, the incoming contractor will carry out complete property surveys to the entire housing stock. This was a key requirement drafted into the tender documents in order to address the discrepancies within the previous stock condition data that had been reported. Discussions are ongoing to see if the new contractor can escalate this process into the first 12 months.

- 3.62 There will be 2 concurrent programmes undertaken, firstly in relation to compliancy matters and secondly in relation to smaller planned maintenance programmes where appropriate.
- 3.63 This is a critical requirement which will be beneficial for both the Council and the incoming contractor as it will allow for the Council to have an accurate record of the condition of the Housing stock and allow the contractor to mitigate against financial burden. It is in the Contractors interest to carry out most repairs or enhancements on one visit to a property rather than receiving a number of separate requests for repairs.
- 3.64 In addition to this ongoing work, this is a key requirement of the mobilisation of the new Strategic Asset Management Contract and additional resources have been sourced to ensure that all I.T requirements are in place for the 4<sup>th</sup> June 2019.
- 3.65 Once all the I.T configuration works are completed, Brentwood Officers will be trained to use Keystone effectively in order to maintain records and devise future planned maintenance programs.
- 3.66 2019/20 Capital Programme - Following analysis of survey and compliance data, as well as the pending complete property surveys by the incoming Repairs & Maintenance contractor to validate and build on the current stock condition data, a 'Safety First' approach to planned works has been adopted.
- 3.67 Works are being driven by the recent Fire Risk Assessments and we are currently working with our Fire Safety Advisor to prepare a planned programme of works which will be undertaken over the current and next financial years with an anticipated completion date of 31<sup>st</sup> March 2020.
- 3.68 10 Blocks have been identified as requiring improvement works and these blocks are;
- Drake House
  - Juniper Court
  - Gibraltar House
  - Masfield Court
  - Mayflower House
  - Chichester House
  - St Georges Court
  - Elizabeth House
  - Tower Court

- Victoria Court

3.69 Other ad-hoc works is also planned with works to improve the drainage and sewerage systems in Snakes Hill, and smaller Kitchen and Bathroom programs.

#### **4. Reasons for Recommendation**

4.1 The report highlights progress on Asset Management, Capital Programme and Compliance in Housing. Members are invited to comment on the report contents.

#### **5. Consultation**

5.1 Consultation will be undertaken with residents and appropriate partners as required.

#### **6. References to Corporate Plan**

6.1 To ensure provision of efficient and effective services – much of the work being undertaken will ensure that the Council works to best practice and enhance the service offered with optimum resources.

#### **7. Implications**

##### **Financial Implications**

**Name & Title: Phoebe Barnes, Interim Financial Controller**

**Tel & Email: 01277 312 839 phoebe.barnes@brentwood.gov.uk**

7.1 Costs associated with the in house Repairs & Maintenance function have been built into the Housing Revenue Account budget for 2019/20. Current costs for 2018/19 are to be met from within existing budgets any pressures will be funded from the Repairs and Maintenance Earmark Reserve. This reserve has a balance of £400k.

7.2 For 2019/20 the Housing Revenue Account has a capital budget allocation of £3.576m to fund the 'Safety First' approach to the housing stock for planned works. The HRA also has a £2.681m budget for responsive repairs in 2019/20.

7.3 There is currently a £603k budget for capital works based on the 'Compliance Project'. Due to tendering of this works, this budget will be required to be requested as slippage as part of the 2018/19 outturn reported to Policy, Projects and Resources in June 2019. Any other budgeted projects from 2018/19 programme, that will span two financial years, will also need to request slippage as part of the Outturn report.

- 7.4 When slippage is requested, the affordability to the HRA will be assessed when funding the total capital programme including slippage.
- 7.5 Any works arising from the Legionella Control Risk Assessments will be met within existing budgets
- 7.6 Cost associated with the mobilisation of the new Strategic Assets Management contract are to be captured within existing budgets in the Housing Revenue Account.
- 7.7 The escalation to carry out all property surveys within the first 12 months of the contract, rather than over a three year period, will aid in accurately budgeting for an informed planned programme. However, the contractor may wish to charge additional costs for completing the surveys in an earlier time frame than originally planned. If such cost arise it may not be able to be met within any existing budgets and will be monitored as part of the budget monitoring process and reported according as part of the ongoing budget updates.

#### **Legal Implications**

**Name & Title:** Gina Clarke, Corporate Governance Lawyer & Deputy Monitoring Officer

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- 7.8 The report provides an update to the Committee on the service arrangement for the Asset Management, Capital Programme and the re-procurement of the new Repairs and Maintenance contract which has been carried out in accordance with the Council's standing orders and Public Contract Regulations 2015.
- 7.9 Information in relation to the procurement process of the new Repairs and Maintenance contract can be found in the body of the report.

**Other Implications** (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

None

#### **8. Background Papers** (include their location and identify whether any are exempt or protected by copyright)

8.1 N/A

## **9. Appendices to this report**

- Appendix A- Compliance Programme overview
- Appendix B - Compliance detailed overview
- Appendix C - Communal Area Management Procedure schedule (CAMP)
- Appendix D - Communal Area Management Procedure - before/after photographs
- Appendix E – Mobilisation Plan
- Appendix F – Gap Analysis Consultant reports

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