

Tenant Services Management Board – 20th April 2015

Capital Works Contracts

Report of Tim Haynes – Property Manager

(This matter is the responsibility of Executive Councillor Jean Adkins)

Executive Summary

This report identifies the works carried out within the HRA Capital programme detailing both the physical volume and related financial spend in each quarter of the financial year 2014-2015, together with a projected out-turn summary.

1. Purpose of the report

To provide the Tenant Services Management Board (TSMB) with accurate and up-to-date information associated with improvement works carried out within the HRA Capital programme

2. Background information

Having previously met the target for the Decent Homes Standard, the 30year Business Plan, identifies financial commitment to ensure that the Housing stock remains not only fit for purpose, wind and weather-proof, but also a Taunton Deane standard that goes beyond the basics of the Decent Homes Criteria.

A decent home is one that meets the following criteria:

a) It is in a reasonable state of repair

Dwellings which fail to meet this criterion are those where either:
one or more of the key building components are old and, because of their condition, need replacing or major repair; or
two or more of the other building components are old and, because of their condition, need replacing or major repair.

b) It has reasonably modern facilities and services:

Dwellings which fail to meet this criterion are those which lack three or more of the following:

a reasonably modern kitchen

a kitchen with adequate space and layout;

a reasonably modern bathroom

an appropriately located bathroom and WC;

adequate insulation against external noise (where external noise is a problem); and
adequate size and layout of common areas for blocks of flats.

Unfortunately, this could mean that some properties *could* have either a kitchen *or* bathroom that was not modern. The Taunton Deane standard is one that will ensure that all properties will have modern facilities, implemented under a five-year programme.

The criteria is based on the life expectancy of the various parts of each property, known as the property attributes, together with works required for health and safety reasons.

In particular, the properties identified for upgrading are based upon the life expectancy of those attributes and relates to kitchen, bathrooms and heating, taking into account the date of installation. See Appendix A for a full table of property elements. Works for health and safety reasons include fire safety works, which in most instances, relates to the fitting of fire doors to flats and upgrading of communal facilities. Also the replacement of all timber doors for security reasons to the habitable part of the property.

The remaining property attributes are identified for replacement / upgrading taking into account both the age and condition of the individual component.

3. Performance

The detailed information for works and associated costs for the each quarter is detailed in Appendix B, including a projected out-turn figure for the overall year.

During quarters one, two and three, the costs allocated are low because upgrading of some heating installations carried out by both Alhco and the DLO, was originally being allocated against revenue. Under guidance from the Housing Accountant, these were transferred to the HRA Capital budget in quarter four, hence the sudden increase in the value shown.

With regard to properties that have been re-roofed, a valuation payment is made on a monthly basis for work actually completed on site, even though the overall roof replacement will not necessarily been complete. This explains why there is a significant increase in the costs from quarter one to quarter two and then again between quarters two and three, even though only 6 more properties had been completed.

The quarter four costs also include for the replacement of front, over-door, porches to 97 non-traditional properties in north Taunton.

In quarter four, the costs allocated against door entry systems has risen significantly, even though the number of completed works has not risen. This is because the materials for work under the first phase of a new contract have been ordered and manufactured in preparation for later installation.

There are two figures shown in quarters three and four for properties with replacement windows. The first figure indicates the number of individual properties that received replacement double glazing, the second figure shows

the number of flat blocks where windows to the first floor communal area have been replaced.

The overall projected out-turn figures will be subject to some change when the DLO costs have been allocated, scrutinised and approved by the Housing Accountant

4. Considerations

4.1 Kitchens

Work is carried out in two ways – planned and at void.

Planned

Up until September 2014, the work to upgrade kitchens and bathrooms was carried out by Mi-space under an existing contract agreement. Works were carried out in those properties that were part of the bathroom refurbishment programme when the kitchen failed either the Decent Homes Standard due to previous tenant refusal, or the age criteria.

Following a comprehensive tender assessment, a new five-year bathroom and kitchen refurbishment contract was awarded to Mi-space, commencing in October 2014.

Because the volume of kitchens installation is limited, due to the previous Decent Homes programme, it was requested by Mi-space that they be allowed to use a specific team just for this work. It was therefore agreed that this team would operate back-to-back over the two financial years.

As a result, no kitchen upgrading work has been carried out until the final quarter of this year.

Unfortunately and despite previous surveys and communication with them, a high percentage of tenants 8 out of 33 (24%) have declined work at the last minute. This make future planning difficult, as work to those properties will then almost certainly have to take place at the void period.

Void

When properties become void and it has been determined that the kitchen does not meet the Decent Homes Standard work is carried out by the DLO in conjunction with the remaining works required to bring the property to a lettable standard.

4.2 Bathrooms

Again, Work is carried out in two ways – planned and at void.

Planned

Work is carried out to ensure that, wherever possible, a similar standard is achieved across all properties. This means that some properties will receive a full refurbishment, whilst others may only have a shower installed or the light fitting replaced, depending on what work was carried out previously and when this happened.

As with the kitchens, until September 2014, works were carried out by Mi-space under an existing agreement. A new five year contract was awarded in October 2014 to carry out 500 units of work each year. A unit of work is either a complete bathroom or kitchen refurbishment. However, due to

previous investment, the contract is primarily intended to carry out work to bathrooms.

Work commenced on a phased approach to ensure that the site operation was resourced correctly and that our contractual expectations were being met. Initially, there were a number of minor snagging issues which meant that the surveyor responsible for managing this contract was unable to accept the works as being fully completed. In-turn, this prevented Mi-space from being unable to invoice for the work, as it is a condition of the contract that payment will only be made on fully completed works and not on any part payment for works completed. This was reflected in spend shown in the quarterly budget report.

Normally retention is held pending completion of a defects period, however, as an incentive to ensuring that properties are completed without any defect or snagging issues, the contract states that following a three-month period of defect-free hand-over, no retention will be held.

Since December 2014 the standard of work on site has improved significantly and continues to be closely monitored by both parties. In addition, un-announced inspections of work in progress have been made by myself and the responsible director from Mi-space.

Tenant satisfaction is 97% as detailed on the Appendix C.

Work is being completed in accordance with a pre-agreed programme.

Void

When properties become void and it has been determined that the bathroom requires work which cannot wait to be incorporated into the planned programme, work is carried out by the DLO in conjunction with the remaining works required to bring the property to a lettable standard.

4.3 Doors

The supply and installation of external doors has been procured through the Advantage South West (ASW) framework agreement. Tenants from the various member organisations, including members from our Tenants' Forum were part of the tender selection process when assessing the products to be used.

The successful contractor was Britdoors and the contract commenced in April 2013.

During the last 12 months there has been a succession of problems attributable to Britdoors:-

- a) As part of the Health and Safety requirement to work on any of our properties, all operatives must have attended and completed formal asbestos awareness training. Unfortunately, Britdoors would not comply with this directive and, as a result, work was suspended for three months until the requested details were received.
- b) There have been management issues within Britdoors leading to changes of staff and a lack of control and co-ordination of the contract. Particularly this led to a lack of survey and installation information. A lack of control over the standard of installation and a poor response to warranty issues.
- c) Poor installation control due to the fact that Britdoors employed a number of small installers. This was subsequently improved from June 2014 when Britdoors awarded a contract for all installation work to Pro-Fit.

- d) Following careful monitoring, in December 2014, it became apparent that Britdoors were unable / unwilling to supply the volume of doors within the timeframes requested by ASW members.

All of these issues have been discussed at regular ASW product group meetings. As part of the Taunton Deane contract monitoring, monthly meetings were held with Britdoors to raise and highlight the areas of concern. In addition, the ASW Procurement manager met with the Britdoors management on a monthly basis.

In December 2014, ASW members agreed that the service provided by Britdoors was completely unacceptable and agreed to cancel all outstanding orders with them. Advantage South West has now put in place a solution to reduce the reliance on Britdoors and ensure that ongoing installation programmes are not compromised. The recommendation was to place all orders for new door requirements directly with the existing installation company - Pro-Fit. Therefore, having Pro-Fit supply and fit the new doors will reduce any ongoing asset management issues as Pro-Fit will be the installer irrespective of the door manufacturer.

This arrangement has worked well for all ASW members, although the impact on Taunton Deane has been the greatest due to the volume of planned installations. Pro-Fit are continuing to work extremely hard to clear the backlog of planned works and also to respond to responsive maintenance requests. Unfortunately, due to that volume of doors, there will be some slippage into the next financial year, although it is expected that this will be made good by the end of April 2015.

Properties for inclusion within the financial year 2015-2016 have already been identified in preparation for the contractor to survey, with the intention of both parties to carry out the installations at a consistent rate during the year, completing by February 2016

4.4 Fire Safety Work

Fire risk assessments have been completed to all high risk areas of the Housing stock, particularly the extra-care schemes at Kilkenny Court and Lodge Close and blocks of flats with communal entrances, which has identified various works. In many instances work is required to upgrade the front entrance door to comply with current standards.

In this respect, the progress on site had been affected by the Britdoors issue, although priority has been given to installing doors ordered under this aspect of work.

There will be some slippage of work, as described above, however, this will be made good by the end of April 2015.

4.5 Replacement Windows

A contract framework is in place with Wrekin, procured through Advantage South West.

With the exception of a limited number of properties where tenants have refused improvement work, all the properties have either PVCu or powder-coated aluminium, double-glazing.

During this last financial year, work has been completed to replace the old timber windows to first-floor landings on blocks of flats. This will not only enhance the appearance, but will reduce the need for future maintenance and decoration.

Although we are currently working in accordance with the age criteria, it is acknowledged that the quality of double glazing has improved significantly during the last 25 years, particularly with regard to heat loss and security. It is therefore our aspiration, following the completion of the replacement door programme and subject to resources being available, to commence a programme to ensure that windows are no more than 25 years old.

4.6 Air Source Heating

In July 2013, following a tender selection process, a five-year contract was awarded to Otter South West to install air source heating to 100 properties each year.

This contract has progressed well in all respects. Tenants are extremely pleased with both the quality and professionalism of the installation and the improved levels of thermal comfort.

Word of mouth and articles in the Newsletter have led to requests being received on a regular basis from tenants who would like to have the installation carried out.

I am also pleased to be able to report that Otter South West have been nominated and shortlisted for an H & V News Awards in the category 'Energy Efficient Installer of the Year'. They used the contract with Taunton Deane Borough Council as their case study in a presentation to get them to this stage.

4.7 Roofing

Works have continued during this last year under an existing contract arrangement with Mi-space. These have been to a limited number of properties where the roof was surveyed and identified as being in a poor condition.

In those locations where leaseholders are resident, formal consultation has taken place which has led to a small amount of slippage. However, this work will be completed during April 2015.

No further works are programmed at this time as stock data indicates that none is due. It is proposed that a new five-year contract framework will be tendered in 2016-2017 for commencement from 1st April 2017, subject to resources being available and relevant approval.

4.8 Door Entry

During this last year a tender selection process was completed for an initial three-year contract for the supply and installation of communal entrance screens and doors, including the provision of door entry intercom systems. The contract has been awarded to ABCA Systems who will commence on site in May, following the signing of a lease to one of the Council units at Blackdown Business Park.

Blocks of flats for inclusion within this programme have already been identified and priced within the tender document.

4.9 Heating Improvements

This budget covers the following:

- a) The installation of new heating, where tenant choice has meant there is none.
- b) The upgrading of electric storage heaters.
- c) Replacement of existing boiler when they have passed their 15-year life expectancy.
- d) A pilot scheme to install hybrid boilers. This is a combination of both gas and air source.

Following an exhaustive tender selection process for a four-year contract to upgrade existing heating boilers to 10 properties per week, it is anticipated that a new contractor will commence from June 2015. The start has been delayed by legal challenges and changes to staff involved with the procurement process.

It had originally been intended to commence the new contract from July 2014, however, the delay in commencing the new contract means that it will now run until at least May 2019. During the interim period, 154 boilers that would have been due for replacement under this contract have been replaced by either Alhco or DLO as they had failed beyond repair.

4.10 Fascia and Soffits

In conjunction with the five-yearly cyclical external re-decoration programme (PPM) it has been intended to replace the fascia and soffit elements with PVCu. This will reduce the future requirement for decoration, particularly the cost of high-level access equipment.

Work has continued under an existing arrangement with the Deane DLO, whilst a new five-year (PPM) contract has been procured. Unfortunately the awarding of the new contract has been delayed by TUPE (Transfer of Undertakings (Protection of Employment) Regulations) implications and the requirement to provide current employment information to all tenderers. It is likely that these requirements will lead to any contract award being delayed until at least July 2015.

5. Financial implications

All financial implications have been discussed with the Housing Accountant and are covered by both the 30-year business plan financial projections and the budget for 2015-2016.

6. Legal Comments

There are no legal implications of this report.

7. Links to Corporate Aims

This work has a positive effect on Corporate Aim 1 – Quality and sustainable growth and development and Corporate Aim 3 – A vibrant social, cultural and leisure environment.

8. Diversity

Some people may need specific help to fully access this information. Additionally, information may be required in different formats:

- Large font
- Audio visual
- Different languages
- Website page

- Welcome pack for new tenants

9. Recommendations

The Tenant Services Management Board is asked to note the contents of this report and that similar suitable and relevant information will be provided with future quarterly score card information.

10. Contact Officer

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Appendix A

Building components (key components marked*)	Houses and bungalows	All flats in blocks of below 6 storeys	All flats in blocks of 6 or more storeys
Wall structure*	80	80	80
Lintels*	60	60	60
Brickwork (spalling)*	30	30	30
Wall finish*	60	60	30
Roof structure*	50	30	30
Roof finish*	50	30	30
Chimney*	50	50	N/A
Windows*	40	30	30
External doors*	40	30	30
Kitchen	20	20	20
Bathrooms	30	30	30
Heating central heating gas boiler*	15	15	15
Heating central heating distribution system	40	40	40
Heating other*	30	30	30
Electrical systems*	30	30	30

Appendix B

Quarter One 2014-2015 -(1st April to 30th June 2014)

	No. completed to date	£ spend to date
Kitchens	18	84,954
Bathrooms or cloakrooms	157	261,836
Doors	164	68,080
Fire safety work doors	91	21,673
Properties with replacement windows	17	50,560
Air source heating installations	22	121,111
Properties re-roofed	6	50,351
Door entry installations	0	0
Heating improvements	45	16,109
Properties with new fascia / soffit	81	58,265

Appendix B

Quarter Two 2014-2015 -(1st July to 30th September 2014)

	No. completed to date	£ spend to date
Kitchens	25	131,526
Bathrooms or cloakrooms	192	418,552
Doors	227	76,750
Fire safety work doors	96	22,504
Properties with replacement windows	25	61,840
Air source heating installations	51	201,037
Properties re-roofed	38	268,728
Door entry installations	4	13,120
Heating improvements	84	28,776
Properties with new fascia / soffit	226	263,782

Appendix B

Quarter Three 2014-2015 -(1st October to 31st December 2014)

	No. completed to date	£ spend to date
Kitchens	25	148,202
Bathrooms or cloakrooms	255	543,480
Doors	294	93,390
Fire safety work doors	110	66,257
Properties with replacement windows	54 + 30	83,896
Air source heating installations	73	465,117
Properties re-roofed	44	339,325
Door entry installations	52	28,641
Heating improvements	170	45,755
Properties with new fascia / soffit	422	422,038

Appendix B

Quarter Four 2014-2015 -(1st January 2015 to 31st March 2015)

	Projected No. completed to end of year	Target numbers	Projected £ spend to end of year	Outturn forecast
Kitchens	58	500	297,394	539,600
Bathrooms or cloakrooms	363		878,832	1,260,000
Doors	650	1100	379,465	550,000
Fire safety work doors	140	identified through fire risk assessments	84,546	255,000
Properties with replacement windows	66 + 30	identified in conjunction with replacement doors and door entry systems to flat blocks	124,035	220,000
Air source heating installations	113	100	785,532	800,000
Properties re-roofed	71	identified through early failure	517,845	490,000
Door entry installations	52	96	172,718	143,400
Heating improvements	210	500	405,041	595,000
Properties with new fascia / soffit	475	identified in conjunction with external redecoration contract	561,116	650,000

TAUNTON DEANE BOROUGH COUNCIL – Year 1 KPI Results

Resident satisfaction Results – Year 1

Overall KPI – 97%

