



**Brighton & Hove
City Council**

AUDIT & STANDARDS COMMITTEE ADDENDUM TWO

4.00PM, TUESDAY, 9 JANUARY 2018

COUNCIL CHAMBER, HOVE TOWN HALL, BN3 3BQ

ADDENDUM

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40	HOUSING ELECTRICAL WORKS	1 - 4

Subject:	Housing Electrical Works		
Date of Meeting:	9 January 2018		
Report of:	Executive Director Neighbourhoods, Communities & Housing		
Contact Officer:	Name:	Tracy John	Tel: 01273 29 2150
	Email:	Tracy.John@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

The special circumstances for non-compliance with Council Procedure Rule 3, Access to Information Procedure Rule 5 and Section 100B(4) of the Local Government Act 1972 (as amended), (items not considered unless the agenda is open to inspection at least five days in advance of the meeting) were that the complexity of the issue and the need to consult and obtain information from Mears meant that it was not possible to produce the a detailed update to the required timescale.

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 At Audit & Standards Committee on 19 September 2017, recommendations were made that the Housing service should review and resolve (in conjunction with the contractor) possible discrepancies between work carried out and the charges for electrical work under the housing repairs contract.
- 1.2 This report provides a progress update on the work that the Housing Service has undertaken with our contractor Mears to understand the issues and resolve any ongoing matters.

2. RECOMMENDATIONS:

- 2.1 That Audit & Standards Committee note the contents of the report.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 Mears Ltd. provide a comprehensive responsive repairs, planned maintenance and major works service for council homes across the city under a 10-year contract. Around 20% of the annual contract is responsive repairs and the remainder of the contract is for planned work and major works. This review relates solely to some domestic rewire activities.
- 3.2 At Audit & Standards Committee on 19 September 2017, recommendations were made that the Housing service should review and resolve (in conjunction with the contractor) possible discrepancies between work carried out and the charges for electrical work under the housing repairs contract.
- 3.3 Our key focus has been to address any health & safety concerns that may have arisen where there are any discrepancies arising in relation to any electrical

works not being completed as charged. We have undertaken significant work to identify any properties affected by this type of potential shortfall and no health and safety concerns have been identified in relation to any of the jobs subject to review.

- 3.4 Audit recommendations required further investigation by both Mears and Brighton & Hove City Council to test the findings of some possible discrepancies against the contract, going back to contract commencement in 2010. The Housing service and Mears have undertaken a detailed analysis of potential discrepancies between work carried out and application of the schedule of rates for electrical work under the housing repairs contract. Inspection visits, validation of data and other information has been undertaken
- 3.5 In a few areas differences in interpretation have been identified in terms of how a schedule of rate has been applied. A final piece of work needs to be completed to reach a shared agreement between the parties in relation to the areas which have been interpreted differently to avoid any uncertainty in the future. This agreement will be reflected in a formal amendment to the contract.
- 3.6 There are some jobs where minor errors have been identified and explained. These will be dealt with through the standard contract invoice review process.
- 3.7 There are a number of learning points and recommendations that have been identified through this review. These include:
 - Ensure compliance and more robust information sharing regarding formal contract variation procedures.
 - Strengthen compliance with and more robust sharing regarding control processes whereby the contractor submit to the relevant council surveyor/electrical engineer variations in schedule of rates codes for authorisation.
 - Resolve any outstanding financial matters between the council and Mears
 - Where the interpretation of any schedule of rate is different between the council and Mears, complete a piece of work to clarify how these particular codes will be applied going forwards, reflect the agreement reached in a Change Control Notice and introduce an audit trail process for these cases.
 - Strengthen council processes for receipt, recording, analysis and review of electrical certification received from the contractor.
 - Keep under review for future report back to Committee.
- 3.8 It is proposed we keep Committee updated on progress with resolution of this matter and learning arising, particularly in relation our forthcoming re-procurement of repairs, planned maintenance and capital works to the council's housing stock.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 These are outlined in the attached report.

5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 None directly related to this report.

6. CONCLUSION

6.1 There are a number of learning points and recommendations that have been identified through this review. These are included in the report appended.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

7.1 As stated in the body of the report housing electrical works form a part of the £20m a year contract with Mears.

7.2 The cost of works carried out under this contract is charged to the HRA.

7.3 As noted in paragraph 3.5 a further piece of work is required before the issues detailed in the report are resolved and the financial impact can be quantified.

Finance Officer Consulted: David Kuenssberg

Date: 08/01/18

Legal Implications

7.4 Legal will continue to provide support and advice on monitoring the contract, resolving any areas of dispute as they arise and, where formal amendments to the contract are required, will consider the drafting.

Lawyer Consulted: Alice Rowland

Date: 09/01/18

Equalities Implications:

7.5 There are no equalities implications arising directly from this report.

Sustainability Implications:

7.6 There are no sustainability implications arising directly from this report.

Any Other Significant Implications:

7.7 Mears Ltd. provide a comprehensive responsive repairs, planned maintenance and major works service for council homes across the city under a 10-year contract. Around 20% of the annual contract is responsive repairs and the remainder of the contract is for planned work and major works. This review relates solely to some domestic rewire activities.

7.8 The report includes a number of learning points and recommendations that have been identified through this review. It is proposed we keep Committee updated on progress with resolution of this matter and learning arising, particularly in relation our forthcoming re-procurement of repairs, planned maintenance and capital works to the council's housing stock.

SUPPORTING DOCUMENTATION

Appendices:

1. None

Documents in Members' Rooms

1. None

Background Documents

1. None