



**Brighton & Hove  
City Council**

# Housing & New Homes Committee

Title:	<b>Housing &amp; New Homes Committee</b>
Date:	<b>13 June 2018</b>
Time:	<b>4.00pm</b>
Venue	<b>Hove Town Hall, Council Chamber - Hove Town Hall</b>
Councillors:	Meadows (Chair), Hill (Deputy Chair), Mears (Opposition Spokesperson), Gibson (Group Spokesperson), Atkinson, Barnett, Bell, Druitt, Lewry and Moonan
Contact:	<b>Caroline De Marco</b> Democratic Services Officer 01273 291063 caroline.demarco@brighton-hove.gov.uk
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## AGENDA

### PART ONE

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#### 1 PROCEDURAL BUSINESS

**(a) Declaration of Substitutes:** Where Councillors are unable to attend a meeting, a substitute Member from the same Political Group may attend, speak and vote in their place for that meeting.

**(b) Declarations of Interest:**

- (a) Disclosable pecuniary interests;
- (b) Any other interests required to be registered under the local code;
- (c) Any other general interest as a result of which a decision on the matter might reasonably be regarded as affecting you or a partner more than a majority of other people or businesses in the ward/s affected by the decision.

In each case, you need to declare

- (i) the item on the agenda the interest relates to;
- (ii) the nature of the interest; and
- (iii) whether it is a disclosable pecuniary interest or some other interest.

If unsure, Members should seek advice from the committee lawyer or administrator preferably before the meeting.

**(c) Exclusion of Press and Public** - To consider whether, in view of the nature of the business to be transacted, or the nature of the proceedings, the press and public should be excluded from the meeting when any of the following items are under consideration.

***NOTE:** Any item appearing in Part Two of the Agenda states in its heading the category under which the information disclosed in the report is exempt from disclosure and therefore not available to the public.*

*A list and description of the exempt categories is available for public inspection at Brighton and Hove Town Halls.*

#### 2 MINUTES OF THE PREVIOUS MEETING

7 - 36

To consider the minutes of the meeting held on 14 March 2018 (copy attached).

#### 3 CHAIRS COMMUNICATIONS

#### 4 CALL OVER

## HOUSING & NEW HOMES COMMITTEE

- (a) Items 7 to 15 will be read out at the meeting and Members invited to reserve the items for consideration.
- (b) Those items not reserved will be taken as having been received and the reports' recommendations agreed.

### 5 PUBLIC INVOLVEMENT

To consider the following matters raised by members of the public:

- (a) **Petitions:** to receive any petitions presented to the full council or at the meeting itself;
- (b) **Written Questions:** to receive any questions submitted by the due date of 12 noon on the 7 June 2018;
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 7 June 2018.

### 6 ISSUES RAISED BY MEMBERS

37 - 42

To consider the following matters raised by councillors:

- (a) **Petitions:** to receive any petitions submitted to the full Council or at the meeting itself;
- (b) **Written Questions:** to consider any written questions (copy attached);
- (c) **Letters:** to consider any letters (copy attached);
- (d) **Notices of Motion:** to consider any Notices of Motion referred from Council or submitted directly to the Committee (copy attached).

### 7 LEASEHOLDER ENGAGEMENT

43 - 62

Report of Executive Director for Neighbourhoods, Communities & Housing (copy attached).

Contact Officer: *Martin Reid*

Tel: 01273 293321

Ward Affected: *All Wards*

### 8 PROCUREMENT OF HOUSING SERVICES FIRE ALARM SYSTEM SERVICING, MAINTENANCE, DESIGN AND INSTALLATION

63 - 66

Report of Executive Director for Neighbourhoods, Communities & Housing (copy attached).

Contact Officer: *Miles Davidson*

Tel: 01273 293150

Ward Affected: *All Wards*

### 9 PROCUREMENT OF A NEW CONTRACT FOR PARKING ENFORCEMENT ON HOUSING LAND

67 - 72

## HOUSING & NEW HOMES COMMITTEE

Report of Executive Director for Neighbourhoods, Communities & Housing (copy attached).

*Contact Officer: Hilary Edgar*

*Tel: 01273 293250*

*Ward Affected: All Wards*

### **10 UPDATE HOUSING MANAGEMENT IT SYSTEM PROCUREMENT 73 - 76**

Report of Executive Director for Neighbourhoods, Communities & Housing (copy attached).

*Contact Officer: Diane Hughes*

*Tel: 01273 293159*

*Ward Affected: All Wards*

### **11 INDEPENDENT REVIEW OF EXISTING PARTNERING CONTRACT FOR HOUSING REPAIRS, MAINTENANCE, PLANNED AND MAJOR WORKS 77 - 118**

Report of Executive Director for Neighbourhoods, Communities & Housing (copy attached).

*Contact Officer: Martin Reid*

*Tel: 01273 293321*

*Ward Affected: All Wards*

### **12 UPDATE ON OPTIONS PROGRAMME FOR FUTURE DELIVERY OF HOUSING REPAIRS AND MAINTENANCE 119 - 202**

Report of Executive Director for Neighbourhoods, Communities & Housing (copy attached).

*Contact Officer: Martin Reid*

*Tel: 01273 293321*

*Ward Affected: All Wards*

### **13 EVICTIONS FROM TEMPORARY ACCOMMODATION UPDATE 203 - 210**

Report of Executive Director for Neighbourhoods, Communities & Housing (copy attached).

*Contact Officer: Jerry Aldous*

*Tel: 01273 296949*

*Ward Affected: All Wards*

### **14 ANNUAL REPORT 2018 211 - 222**

Report of Executive Director for Neighbourhoods, Communities & Housing (copy attached).

*Contact Officer: Tom Matthews*

*Tel: 01273 293234*

*Ward Affected: All Wards*

### **15 HOUSING MANAGEMENT PERFORMANCE REPORT QUARTER 4 AND END OF YEAR 2017/18 223 - 256**

Report of Executive Director for Neighbourhoods, Communities & Housing (copy attached).

*Contact Officer: Tom Matthews*

*Tel: 01273 293234*

## HOUSING & NEW HOMES COMMITTEE

*Ward Affected: All Wards*

### 16 ITEMS REFERRED FOR FULL COUNCIL

To consider items to be submitted to the 19 July 2018 Council meeting for information.

*In accordance with Procedure Rule 24.3a, the Committee may determine that any item is to be included in its report to Council. In addition, any Group may specify one further item to be included by notifying the Chief Executive no later than 10am on the eighth working day before the Council meeting at which the report is to be made, or if the Committee meeting take place after this deadline, immediately at the conclusion of the Committee meeting*

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For further details and general enquiries about this meeting contact Caroline De Marco, (01273 291063, email [caroline.demarco@brighton-hove.gov.uk](mailto:caroline.demarco@brighton-hove.gov.uk)) or email [democratic.services@brighton-hove.gov.uk](mailto:democratic.services@brighton-hove.gov.uk)

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Date of Publication - Tuesday, 5 June 2018

**HOUSING & NEW HOMES COMMITTEE**

**BRIGHTON & HOVE CITY COUNCIL****HOUSING & NEW HOMES COMMITTEE****4.00pm 14 MARCH 2018****COUNCIL CHAMBER, HOVE TOWN HALL****MINUTES**

**Present:** Councillor Meadows (Chair); Councillor Hill (Deputy Chair), Mears (Opposition Spokesperson), Gibson (Group Spokesperson), Atkinson, Bell, Druitt, Lewry, Moonan and Wares

**PART ONE****73 PROCEDURAL BUSINESS****73a) Declarations of Substitutes**

73.1 Councillor Wares substituted for Councillor Barnett.

**73b) Declarations of Interests**

73.2 Councillor Atkinson declared an interest in Item 79, as he had been supporting and advising a resident involved in this item. He would not vote or take an active part in the item, but would remain in the Council Chamber.

**73c) Exclusion of the Press and Public**

73.3 In accordance with section 100A(4) of the Local Government Act 1972, it was considered whether the press and public should be excluded from the meeting during the consideration of any items contained in the agenda, having regard to the nature of the business to be transacted and the nature of the proceedings and the likelihood as to whether, if members of the press and public were present, there would be disclosure to them of confidential or exempt information as defined in section 100I (1) of the said Act.

73.4 **RESOLVED** - That the press and public not be excluded from the meeting during consideration any items on the agenda.

**74 MINUTES OF THE PREVIOUS MEETING**

74.1 Councillor Bell referred to paragraph 71.12 on page 24. The budget consultation letter had not yet been resent to all Area Panel representatives, Ward Councillors and Committee members as requested. The Chair asked officers to ensure that the letter

was resent. Councillor Gibson referred to paragraph 66.2, page 13, and *Stoneham Court* should be corrected to read *Stonehurst Court*.

- 74.2 **RESOLVED** - That the minutes of the Housing and New Homes Committee meeting held on 17 January 2018 are agreed and signed as a correct record, subject to the amendment outlined in paragraph 74.1 above.

## 75 CHAIRS COMMUNICATIONS

- 75.1 The Chair stated the following:

“It’s been a busy time for the housing service. I was very pleased with the performance in the aftermath of the “beast from the east weather situation.” K&T Heating attended all 1214 emergency repair visits within the Government Right to Repair time of 24hrs. Mears answered 2,243 calls over 3 days with an average wait time of only 2 minutes 5 seconds. This performance far exceeds many of the private sector companies and our tenants have been very pleased with the service they have received.

I am pleased also to announce that work will shortly be completed on the Stonehurst Court development. This is a conversion of 19 studio flats into ten, 2 bedroom semi-detached houses with private gardens. These houses have excellent space standards and high levels of energy efficiency. The first tenants are due to move in on 1 May.

As many of you will be aware the new Homeless Reduction Act legislation comes into force on 1 April. This is the largest change to homelessness legislation in a generation, and follows the excellent work this council has done through the trailblazer work. As a result we are in a positive place to be able to respond to the challenges and opportunities this new legislation brings. My officers will be working with applicants at a much earlier stage to prevent homelessness and ensure that the right level of support and assistance is provided at every stage.

Finally, we have been working with the Ministry of Housing, Communities and Local Government who are very pleased with our approach to fire safety checks following the Grenfell tragedy. This work includes the support we have given in relation to privately owned high rise blocks in the area. As many of you will know, this council has an excellent record of installing sprinklers into our own blocks of flats and I am pleased to announce that one of our Emergency Temporary Accommodation blocks – Percival Terrace is shortly to have sprinklers fitted. East Sussex Fire and Rescue Service have agreed to match fund the provider.”

## 76 CALL OVER

- 76.1 It was agreed that all items be reserved for discussion (Initially item 84 was not called but was called later on in the meeting).

## 77 PUBLIC INVOLVEMENT

### Petitions

- 77.1 There were no petitions.



## Questions

77.2 Jim Deans asked the following question:

### **New Homes Bonus (NHB)**

“This grant is awarded only if the Local Authority housing stock increases by at least 0.4% per year.

How many properties would have had to be built last year (2017/18) to reach the threshold and what plans are in hand to make up for the loss of £1.62m for 2018/19 and an expected loss of £1.66m in 2019/20 as a result of missing the threshold?”

77.3 The Chair replied as follows:

**“This is a question for Policy, Resources and Growth Committee; however, NHB is calculated on the basis of which council tax band a property sits in for all properties within the city and not just council housing stock. Growth is measured from the increase in properties within the city (including halls of residence), as well as any reduction in long term empty properties (those properties unoccupied for more than 6 months). Until 2016/17 NHB was awarded for 6 years with no threshold but is now given for 4 years with a 0.4% threshold which reflects a significant reduction in national resources for the grant. Therefore it is now harder to achieve the same levels of award than received in previous years.**

**In 2017/18, the 0.4% growth threshold was 462.5 band D Equivalent properties. The reduced grant in 2018/19 was in part due to government changes to the scheme accounting for £0.67m of the reduction. The remaining £0.95m is a result of not achieving an equivalent award for the year that falls away under the revised scheme. This loss of resources was factored into the budget planning process in 2018/19 and is therefore a contributing factor to the overall savings requirement for the council to achieve a balanced budget.**

**To gain income from NHB, authorities have to achieve growth above the threshold that exceeds the value of NHB being removed for the year which drops out of the grant due to having been reimbursed for 4 years.**

**In 2019/20 the grant dropping out is £1.166m and therefore in order to gain additional NHB the council will need to achieve the growth threshold plus the number of band D equivalent properties that equate to £1.166m. In total this is around 1,167 band D equivalents to retain the current level of NHB grant being received in 2018/19.**

**At present the council does not expect to lose the £1.166m grant in 2019/20. The new properties are measured from October to September and there are significant housing developments across the City that will contribute to the gain including properties completed directly by the council such as Brookmead and Kite Place. New properties are monitored throughout the year and any change in assumptions on NHB grant will be included in the Budget update Report to the Councils Policy Resources and Growth Committee in July 2018.”**

- 77.4 Mr Deans stated the community wanted to know how many houses needed to be built to make the numbers up.
- 77.5 The Chair replied that she had said that in total this was around 1,167 band D properties just to retain the current level of New Homes Bonus grant being received.
- 77.6 **RESOLVED-** That the Public question be noted.

- 77.7 Jacqueline Madders asked the following question on behalf of David Thomas:

**Severe Weather Emergency Protocol**

“I understand that the Severe Weather Emergency Protocol is to be recommissioned this year. What is the timetable for this?

I assume the Protocol document, which has been slightly amended already this winter, will be fully re-written before that to comply with the National Guidance. Can the new Protocol be published on the Council website as soon as possible?

Could you also say how many women have accessed shelters under the SWEP and that women only facilities have been provided?”

- 77.8 The Chair replied as follows:

**“We are proposing to recommission SWEP provision this year and a timetable is currently being drawn up by our procurement department based on available resources. This timetable has yet to be finalised.**

**The current protocol complies with Homeless Links guidance on providing severe weather provision and will be revised prior to next winter once the recommissioning process has taken place. The council will however be laying out the criteria of future SWEP provision as part of the recommissioning process and this will feed into the operational protocol for winter 2018/19. Any revised guidance will be published on our website.**

**18 different women occupied 45 different bed spaces at SWEP. All stayed at First Base. This was for 37 nights being open between 8<sup>th</sup> Dec 2017 and 4<sup>th</sup> March 2018.**

**SWEP at First Base provides separate spaces for women to sleep. The spaces are in offices that do provide privacy. First Base provides separate toilet and shower facilities for women. Sanitary products are also available for free at First Base.”**

- 77.9 Ms Madders asked the following supplementary question. “With a cold spell being forecast in the next few days and also recognising that it is too cold and wet to be rough sleeping, what are the plans for SWEP over the coming days and weeks?”
- 77.10 The Executive Director, Neighbourhoods, Communities Housing explained that the plans for SWEP would be the same as the plans in the last cold period. Once it had been identified that it meets the criteria which is an amber weather warning, or the temperatures to be zero for two nights then the council would open SWEP. SWEP operated from First Base, and the council had enough bed spaces for any rough sleeper that wished to benefit from that. It would be advertised through outreach workers, on the council website, and through Facebook. Officers in Adult Social Care were already drawing up plans to implement SWEP if it was required later in the week.
- 77.11 **RESOLVED-** That the Public question be noted.

77.12 Kenny Lloyd asked the following question:

**Land banking & increasing value through planning permission for residential properties**

“Has the Committee made any approach to, or cooperated with, the Planning Committee to combat ‘land banking’ and particularly looked at ways in which planning permission can be withdrawn if building work is not completed within a specific period of time? If there has not been joint work on this issue in the past will the Committee consider proposals for the future?”

77.13 The Chair replied as follows:

**“Thank you for your question, the committee has not made any approach to planning committee to combat land banking, however if members of the committee would like, I am happy to arrange to meet the chair of planning to understand how we may work together on this issue.”**

77.14 Mr Lloyd asked if the Committee would consider fining developers if they refused to build. In his opinion developers should be given 12 months from planning permission being granted, to building. If they did not fulfil that they should be fined.

77.15 The Chair replied that the Housing & New Homes Committee had no responsibility for fining private developers. The Committee Lawyer stated that it was unlikely that there were any powers in the planning legislation that would allow developers to be fined for not exercising their planning permission.

77.16 **RESOLVED-** That the Public question be noted.

77.17 Maria Garrett-Gotch asked the following question:

**Malnutrition among residents in temporary and emergency accommodation**

“Is the Committee aware of cases of malnutrition of residents in temporary and emergency accommodation provided by B&HCC or agencies contracted by the Council? What is being done about these residents to whom the Council has a Duty of Care?”

77.18 The Chair replied as follows:

**“Thank you for your question. The Housing Needs Team has had no reports of malnutrition amongst residents in temporary and emergency accommodation from our in-house Welfare Officers, the providers of emergency / temporary accommodation or the various floating support providers we regularly refer to when people are placed in this type of accommodation. We regularly advise people how to access foodbanks local to where their accommodation is.**

**If we were made aware of malnutrition we would act accordingly to ensure that adequate support was provided by the most appropriate agencies, and would, where necessary, treat it as a safeguarding concern.”**

77.19 Ms Garrett-Gotch stated that the council should read the Care Act 2014 where it had a duty of care to its patients and service users. She reminded the Committee of its responsibility to follow 6 key safeguarding principles enshrined within the Care Act

2014 – empowerment, prevention, proportionality, protection, partnership and the council's own accountability.

77.20 **RESOLVED-** That the Public question be noted.

77.21 John Hadman asked the following question on behalf of Nichole Brennan:

**Weekend Services**

“Could the Committee please provide details of Council or Council contracted services, including the number of personnel, available from 1700 on a Friday Evening until 0800 on a Monday morning for those who are homeless including those in temporary and emergency accommodation?”

77.22 The Chair replied as follows:

**“Thank you for your question. The Housing Needs Team provides an out of hours emergency service for people who may find themselves homeless out of office hours. This runs from 18.00 on Friday evening until 08.00 on Monday morning.**

**This is broken down into slots from 18.00 – 08.00 and 08.00 – 18.00, each slot is covered by one member of staff. That member of staff will discuss an individual's circumstances with them to ascertain whether there is a duty to provide emergency accommodation until office hours resume, and if so will arrange for that accommodation to be provided. The contact number is the main Housing Advice Line, 01273 294400, from where anyone calling will be re-directed automatically.”**

77.23 Mr Hadman asked if the Committee could explain the logic behind Street Link not working over weekends.

77.24 The Chair explained that was an Adult Social Care question so Mr Hadman would be sent a written response.

77.25 **RESOLVED-** That the Public question be noted.

77.26 Barry Hughes asked the following question:

**Oxford Street**

“Given that the former Oxford Street former housing office was “decommissioned” in November 2014, in January 2017 the Housing Committee requested officers to bring forward options to convert the building into Temporary Accommodation, and that a formal planning application is due this spring, could the Committee provide an up to date report on progress made?”

77.27 The Chair replied as follows:

**“Thank you for your question. Oxford Street, former housing office has undergone some temporary repairs in recent months in preparation for its conversion to residential units as previously agreed by Committee to provide much needed new homes for the city.**

**In preparation for the conversion, our contractors will start work to the building later this month to strip out waste materials.**

Following on from pre-planning advice and feedback from the previous public consultation event we are proposing to bring forward a scheme for up to 12 homes. A further public consultation event will be held this spring. Completion of the new homes expected in early 2019.

Progress will be reported through cross party Estate Regeneration Board.”

77.28 Mr Hughes expressed concern at the long time that the process was taking. He asked if the building would be used for temporary accommodation.

77.29 The Chair confirmed that the building would be used as temporary accommodation.

77.30 **RESOLVED-** That the Public question be noted.

77.31 Clare Hudson asked the following question:

**The administration of the Discretionary Housing Payments and the Council Tax Reduction Discretionary Scheme**

“The budget papers for 2018/19 state that “It is proposed to reduce the commitment to this fund over the next 3 years as it is not fully utilised.” Could the Committee explain their support for this proposal given that payments of DHPs have been refused on the basis of lack of funds?”

77.32 The Chair replied as follows:

“The saving referred to is a £0.045m reduction in the Council Tax Reduction discretionary fund recurrent budget for 2018/19. However there is one-off provision in the budget for 2018/19 that has set aside £0.140m for the discretionary Council Tax Reduction fund and therefore the total fund for this is £0.150m in 2018/19. Resource requirements are kept under review and any additional resources that may be required for 2019/20 will be factored into the budget setting process. Discretionary Housing Payments are funded through government grant which was £1.133m in 2017/18. Government grant funding for Discretionary Housing Payment has been reduced to £0.837m in 2018/19.”

77.33 **RESOLVED-** That the Public question be noted.

77.34 Kiah Garrett-Gotch asked the following question:

**Equalities Impact Assessment**

“Could the Committee explain why an Assessment was not carried out on the HRA budget for 2018/19?”

77.35 The Chair replied as follows:

“Thank you for your question. Equalities Impact Assessments were carried out for every element of the budget, however as the assessment had not changed from the previous year (due to the fact of no significant changes in the budget) the phrase no impact assessment was used. This was rather than no change to the impact assessment which was a more accurate reflection.”

- 77.36 Ms Garrett-Gotch stated that she was sure that the Committee had heard reports of the plight of a number of women sleeping rough and the increasing demand placed on the bus shelter during the past few days. Did the Committee recognise the urgency of shelter especially for such women?
- 77.37 The Chair replied that the supplementary question had no relevance to Ms Garrett-Gotch's original question, so she was not able to respond yet. However, she could ensure she got a written response.
- 77.38 **RESOLVED-** That the Public question be noted.
- 77.39 Tom Jobbins asked the following question:

**Temporary Accommodation**

“Could the Committee provide evidence to show that “External benchmarking shows that the costs are low” and explain their support for a “Procurement approach being sought to access accommodation outside the city and the South East in areas where costs are lower?”

Could the number of evictions from emergency and temporary accommodation be provided for the past 6 months on a month by month basis?”

- 77.40 The Chair replied as follows:

**“Thank you for your question. The council undertakes benchmarking for services to compare the cost and quality against similar local authorities. The last external benchmarking exercise for temporary accommodation was in 2012. This piece of work takes significant resources to undertake.**

**Benchmarking generally focuses on the staff and administration costs rather than the accommodation costs as they are subject to local market forces. At that time our costs were very competitive. In terms of accommodation procurement - over 2014/15 we developed procurement frameworks for temporary accommodation that is managed on our behalf, which tested the market and ensured we achieved best value. This took into account learning from previous contracts which weren't sufficiently flexible to respond to the changes in the housing market and hence new providers that had been awarded contracts were unable to deliver properties for the agreed costs. Feedback from providers and from our analysis of the housing market is very clear that property is very high cost in the city and in excess of the amounts that can be achieved from Housing Benefit and hence from rental income. Therefore if we were to achieve the accommodation units we required we had to look outside of the city.**

**In terms of evictions we are bringing a report back to this committee in June. This is being collated with input from the Temporary Accommodation Action group – an independent group working with tenants, providers and the council.**

**There have been 15 evictions from emergency accommodation over the last 6 months (September 2017 – March 9<sup>th</sup> 2018).**

**September – 1  
October – 3  
November – 3  
December - 2  
January - 5  
February 1”**

77.41 Mr Jobbins asked if the Committee would be willing to establish a small group of councillors and housing activists to examine the eviction of vulnerable residents and for this group to be requested to submit a report on their findings as a matter of urgency.

77.42 The Executive Director, Neighbourhoods, Communities & Housing explained that the Temporary Accommodation Action Group which is independent and was asked for and approved by the council currently had a membership of councillors, providers & residents. That group was looking at the issue of evictions and this matter would be reported back to the Committee. Any other piece of work would be duplication.

77.43 **RESOLVED-** That the Public question be noted.

77.44 Daniel Harris asked the following question:

**Housing Options and Homemove**

“Under a budget heading of homelessness there was a sum for 2017/18 for supporting vulnerable households £1,298,000.

Could the Committee provide some indication of how this was spent?

Does the Committee know how many households have been culled from the housing waiting list and how many appeals have been dealt with or are awaiting hearings?”

77.45 The Chair replied as follows:

**“The budget of £1,298,000 refers to the staffing and supplies and services budgets for the Housing Options and Homemove teams.**

**This covers the work of preventing homelessness, undertaking homeless applications and assessing what housing duty the council has; placing people into emergency accommodation and undertaking inspections of emergency accommodation; managing the rent accounts of everyone in temporary accommodation; undertaking reviews; undertaking assessments for applications to the Housing register, shortlisting bids for social housing advertised.**

**Thank you for your question. The new Allocations Policy was approved in December 2016. In January 2017 the Homemove section started to re-assess all applications under this new policy and since 1 January 2017 - 11,354 households have been removed from the housing waiting list.**

**The reasons for removal were as follows:**

**No Housing Need = 1434**

**No Local Connection = 5898**

**Removed Home owner = 13**

**Income savings = 60**

**No Bids =2348**

**There were a further 1191 who have been removed from the list who are a mix of people with no housing need and no local connection. These decisions were made prior to the codes being available**

**In the same time period the service has dealt with 479 reviews & the vast majority are related to removal from the housing waiting list.”**

77.46 Mr Harris stated that in relation to what had been said about room inspections, a report was still waiting to come back to the Committee. He stated that his biggest concern

with the policy was that it was not well thought out and this had become clear in the number of people who had come off the list. Mr Harris asked what the Committee wanted to say to the residents who had been taken off the list and that had no options for housing.

77.47 The Chair thanked Mr Harris for his original question and stated that the supplementary question was not a proper question she could answer.

77.48 **RESOLVED-** That the Public question be noted.

77.49 Kelly Hayes asked the following question:

**6 week limit on B&B for children**

“Bed and Breakfast (B&B) is defined in the Homelessness Suitability Order 2003 as a form of privately owned accommodation in which residents share facilities such as kitchens, bathrooms and/or toilets, and is usually paid for on a nightly basis. Housing authorities must not use B&B to accommodate families with children or pregnant women except where there is no alternative available, and then for a maximum period not exceeding 6 weeks. Can you now please provide a more detailed response to the question asked at the previous committee please?”

77.50 The Chair replied as follows:

**“As per the question asked at last committee we can confirm that no statutory homeless households where there is a dependent child or a pregnant woman have been in accommodation where they have to share facilities for longer than 6 weeks.**

**To clarify – in some accommodation there are some communal cooking facilities IN ADDITION to the households’ own facilities, and so there is no need to share any facilities. At the previous committee an example was put forward of a case in Eastbourne and upon checking this it was found that that household did in fact have their own self-contained accommodation which had their own facilities. Facilities may be basic but are adequate and residents did not have to share.”**

77.51 Ms Hayes referred to her own personal experience. She had a dependent child who was independent now. At the time they were left for three months in a room with no cooking facilities, microwave or fridge.

77.52 The Chair thanked Ms Hayes for her questions and asked officers to look into her case.

77.53 **RESOLVED-** That the Public question be noted.

77.54 Sophie asked the following question:

**Residents in Emergency Accommodation – Council Duty to provide Accommodation**

"I've been living in emergency accommodation for over a year, I am now in my 3rd different room. To my surprise the council decided after over a year to conclude the homelessness assessment and decided I didn't meet the criteria to be considered 'considerably more vulnerable than the average person becoming homeless'.



I've received little to no support since I moved into emergency accommodation. I feel this process is one sided and biased against us, the people in need.

Can you please tell me how many other vulnerable people in emergency accommodation in the last 6 months have also had the Council's duty assessed and rejected? How many of these appealed the decision and were successful in securing a duty please?"

77.55 The Chair replied as follows:

**“Homeless legislation, Code of guidance and relevant case law are all taken into account when we assess whether the council has a legal duty to provide accommodation for someone who is homeless.**

**Between 1 August 2017 – 28 February 2018, for the households placed into Emergency Accommodation pending assessment of the housing duty owed, 11 were assessed as Not in Priority Need of which 4 requested a Review and 13 were found to be Intentionally Homeless of which 6 requested a Review.”**

77.56 Sophie stated that she had recently been getting legal advice. The council were given a chance to go to court which they were going to do until her legal team had told them she had merits on her mental health etc. The council had now decided to pull out of court and review the case. Sophie had not received a reply from councillors or officers and the case had been ongoing for over a year. She had been in emergency accommodation with a number of health conditions. Cooking facilities were not good enough and she had lost three stone last year.

77.57 The Chair thanked Sophie. She stressed that councillors did not get involved if there was any legal process that was ongoing. However, she would ask the Executive Director for Neighbourhoods, Communities & Housing to talk to Sophie to find out more about her situation.

77.58 **RESOLVED-** That the Public question be noted.

### **Deputations**

77.59 The Committee considered the following deputation which was presented by Councillor Wares on behalf of Paul Dwyer and supported by Ray Harvey, Kirsty Thomas, Jodie Clue, Lee Mack, Dennis Reddick and Julie Hussey:

77.60 Councillor Wares thanked staff for the sterling job that they carried out quickly when this incident happened. They were out early on site, helping residents, clearing properties and organising contractors. It was a job well done even though it was a long way from getting this resolved.

### **Deputation concerning Stanmer Heights**

“On Saturday 3<sup>rd</sup> March 2018, water pipes in three different blocks in Bramble Way burst in the roof space flooding through at least nine flats making most, if not all, uninhabitable. Tenants were made homeless with some going into emergency housing and now temporary accommodation and some “self-helped” by going to their friends and families.

It is regretful that this happened but the blocks of flats in Bramble Rise, Orchid View and Chelwood Close have fallen into a state of disrepair. The lack of adequate insulation to water services causing the floods being just a small example.

Other parts of the fabric and common parts of the buildings in disrepair include:-

1. Damaged and missing roof tiles let water and cold air into the roof spaces.
2. Defective windows that do not shut and operate properly and poorly insulate our flats.
3. Recent installations of front security doors have left internal common part wall and ceiling plaster and render ripped off without any making good and redecoration making where we live look neglected.
4. Gutters are blocked, broken and overflow.
5. The outside of the buildings, including windows, are black and dirty making where we live depressing.
6. Cables and other external installations are loose and trailing causing further damage and creating health and safety hazards.
7. Outbuildings are dilapidated and in disrepair preventing them from being used and encouraging anti-social behaviour.

We respectfully request the Housing & New Homes Committee to please help us and ask officers to organise a comprehensive plan of works:

- that ensures the uninhabitable flats are repaired and refurbished quickly,
- that the causes of the flooding are rectified,
- that the external fabric of the building including all the roof defects and defective windows are repaired, making them weather and water tight and
- that the common parts damaged by the security door installations are made good.

We also respectfully request that due to the significant works required that will necessitate the use of scaffolding and other contract preliminaries, the Council uses the opportunity to replace all the windows and decorate the exterior and common parts to improve economies of scale and achieve best value for money from the various Housing budgets that we all pay into.”

77.61 The Chair responded as follows:

**“Thank you for your deputation. We are sorry for displacement caused to residents at Bramble Way following burst pipes arising from recent adverse weather conditions.**

**Thank you also for your comments about the quick response of our Housing staff and contractors to assist those affected.**

**I can advise that Mears delivered dehumidifiers and reviewed any material damage to various addresses during their assessment of Bramble Way after the flood.**

**We are monitoring this on a weekly basis. As soon as the properties affected have dried out we will be returning to undertake reinstatement works. We**

envisage this should happen within the next fortnight. The Housing Officer has visited those affected and will continue to assist residents.

With regard to planned works.

Our agreed Asset Management Strategy and Capital Investment Programme makes substantial investment available for planned programmes on elements such as external repair, windows, roofing and doors.

Programmes are designed to ensure reasonable quality is enjoyed across the whole stock over the medium term.

As such, ongoing surveys and reviews of our programmes for these elements aim to tackle the worst areas first and deliver as consistent a level of quality throughout all homes as far as possible over the longer term.

With regard to the windows and other wider issues raised about the properties at Stanmer Heights. It is acknowledged that residents of these properties view this as a priority for investment and that the windows would benefit from improvement. However, within the context of the entire stock, the windows are not considered to be as high a priority as other estates where the windows are currently in a worse condition.

Our independent consultant's condition survey has shown that works to the externals are not considered as being the highest priority, and as such are in a five year programme with a provisional start date in 2020.

Consideration of the most effective way to deliver works, including the potential to group works together, will be considered further at the project planning and consultation stage to help ensure works are delivered safely and represent good value for money for tenants and leaseholders, whilst causing a minimum of disruption for residents.

It is likely that external works would need to be phased over more than one year, with budgets for next year and 2019 / 2020 already fully allocated.

To bring these blocks forward on the programme would require a large number of other homes to not receive the works they require in the meantime.

Following on from the making good and internal decorations, which were noted on a walk round the estate with Cllr. Wares, I can update this work is in hand with Mears maintenance team and will be complete within 4-6 weeks.

We are arranging for quotes to be sourced for the main entrance doors and door entry to Orchid View and put into next year's programme, subject to consultation with residents and leaseholders."

#### 77.62 RESOLVED

- (1) That the deputation be noted.

77.63 The Committee considered the following deputation which had been submitted by Andrea Jones and supported by Nicola Thomas, Peter Clarke, Jonny Anstead and Rita Garner.

### **Deputation concerning Community Led Housing**

“Brighton and Hove Community Land Trust (BHCLT) welcomes the Council’s update on community-led housing (CLH), and the reaffirmation of supportive policy commitments. We particularly welcome the promise of a pathway and transparency about council-owned sites with potential for affordable housing and the collaborative approach suggested around future MHCLG funding. We share the view that community-led housing can help solve the profound crisis of housing in the city. Community-led housing has a specific role to play that is distinct from any other housing providers: it works directly with local communities and groups to deliver affordable, innovative homes and neighbourhoods. Members and officers attending the launch of the Community Housing Programme on 21<sup>st</sup> Feb 2018 witnessed the energy and enthusiasm for community-led housing, and we are mobilising this energy to deliver creative housing solutions. The MHCLG (DCLG) funding awarded to us by BHCC to support the CLH programme is significantly increasing our capacity to realise this potential.

Our programme is committed to overcoming some of the misconceptions about community-led housing and ensuring that community groups understand the challenges and commercial realities:

1. We understand that the council will not be gifting land, we support the council’s own social housing priorities and we understand ‘best consideration’ imperatives;
2. New community-led housing must be built at sufficient densities, making the best possible use of the scarce land in the city
3. Our priority is to increase housing affordability for local people, key workers and vulnerable groups on low incomes. The schemes we support will meet or surpass local statutory affordability requirements (whether for rent or through shared or mutual ownership).

The proven benefits of community-led housing are:

- ✓ locking in affordability in perpetuity (protected by an asset lock and not subject to right-to-buy)
- ✓ supporting people on low incomes or in vulnerable communities who are not currently well-served by existing housing provision. For example, people who want to remain independent, but also live in mutually supportive groups (such as older LGBT cohousing)
- ✓ Housing costs can be lowered by people playing an active role in the process, such as self-build or housing cooperatives
- ✓ We can harness the enormous creative potential in the city for environmental sustainability in housing and expand the diversity of housing design
- ✓ Community builders can engage with sites that would provide challenges to the traditional housebuilder market – challenges of scale or local opposition

We can support the council to meet their obligations in relation to self-build and custom housebuilding, by supporting groups in housing need to benefit. Not all self-build and custom build is community-led, but almost all community-led housing meets the government’s definition of self-build and custom building.

We recognise the importance of the New Homes for Neighbourhoods Programme and the Joint Venture with Hyde Housing Association. There is good potential for collaboration with the Council, but there is also urgency. A collaborative framework *with clarity on timescales* would allow us to realise the advantages of these different approaches for the benefit of local people in urgent housing need in the city.”

77.64 The Chair responded as follows:

**“Thank you for your deputation.**

**We recognise the benefits of community led housing as evidenced by strategic support and financial and practical steps to enable capacity building for this sector outlined in the report to be considered at this committee and in previous committee reports.**

**We welcome the:**

- **Commitment in the deputation to overcoming some of the misconceptions about community-led housing and ensuring that community groups understand the housing and other challenges faced in the City and commercial realities.**
- **Recognition in the deputation of the importance of the New Homes for Neighbourhoods Programme and the Joint Venture with Hyde Housing Association.**

**We recognise the potential for collaboration and propose to work with Community led housing groups to set out how best to work together to realise our shared objectives.**

**As stated in the report later on the agenda, the Committee would be looking for a future report on how the £464,000 has been helpful to you.”**

77.65 **RESOLVED**

(1) That the deputation be noted.

77.66 The Committee considered the following deputation which was presented by Ian Bailey and supported by Steve Horne, Kristie Scarle, Alison Wells, Lucy Chilvers, Helen Atherall, Paul Sutton, Robin Berry, Julia Ritson, and Sam Fearn.

#### **Deputation relating to Item 82 - Community Led Housing Update**

“In September of last year I brought a deputation to the Housing and New Homes committee meeting about Site 21 in Coldean and the LWJV. One of the outcomes of that committee was an amendment which sought to clarify some of the commitments that BHCC was making in the support of Community Led Housing, part of which specifically related to Coldean and access through Site 21 to Site 21a. Alongside this was the request that a report into Community Led Housing be presented in six months to the committee which would clarify the goals set out in the decision list accompanying item 82 on this month’s agenda. I am pleased to see that the presented report clarifies much of what was requested of it.

However, upon reading the report I am concerned that under section 3.10 the allocation of land for Community Led Development across the city is likely to be considered as a secondary 'requirement', with the New Homes for Neighbourhoods programme being prioritised rather than both options being considered on their merits. As already noted the Urban Fringe section of the City plan commits to "*consider how best to ensure that opportunities are brought forward and safeguarded in order to maximise housing opportunities that meet local housing needs.*" Only providing access to smaller sites will reduce the impact of Community Led Development and not enable BHCC to truly meet local needs.

Community Led Housing developed in conjunction with Community Land Trusts is one of the most viable vehicles for providing long term, affordable and secure (in perpetuity) housing which can genuinely deliver "*housing to meet local needs, as set out in the city plan*". It should again be noted that the Brighton and Hove Fairness Commission recommended that BHCC should; "*Offer council-owned (and other publicly owned) land, including sites on the city fringes, brown field sites, to cooperative, self build groups and community land trusts to develop affordable social housing with a guarantee it will go to local people.*" The pathway described within the report suggests that the process will be obfuscatory through its approach to site disposal (lease or sale) and the attachment of conditions, rather than facilitatory through enabling communities to establish their own local needs.

It was noted at the recent Community Led Housing launch event on 21st February 2018 that BHCC suggested that for land to be considered for asset transfer or disposal to community organisations they would have to bring forward a fully costed and prepared proposal. Given the nature of preparing such proposals, many community groups struggle in this stage of work, without any guarantee that when they have completed the process for a viable project they will actually be given access to the site they require. To demonstrate BHCC's commitment to enabling Community Led Development, transferring identified sites into the Brighton & Hove Community Land Trust would give communities across the city confidence in engaging professional support to ensure their proposals are both viable and successful. This would in no way negate the need or option for thorough analysis of any proposals against predetermined criteria. Providing a clear process for groups to follow, perhaps in addition to offering guidance on how to develop proposals would also be helpful.

In addition to the details set out above it was requested that the report specifically requested that the LWJV development of site 21 in Coldean would ensure "*that the joint venture development of site 21 facilitates access and not limit the prospects for development of sites 21a and 21c as community led housing*". The report makes no mention of how BHCC plan to ensure this and to date I am not aware that Hyde Housing or BHCC have attempted to engage with the Coldean Community to begin consultations regarding the principles of the site's development.

Please can the committee re-affirm its commitment to providing communities around the city access to appropriate development sites for community Led Housing, not just the 'smaller S106' sites which are left over from all other programmes as indicated in section 3.10.

Will the committee give assurance that, following the completion of a mutual site allocation process, sites allocated for community led development would be pro-

actively transferred into the Brighton & Hove Community Land Trust to demonstrate BHCC's commitment to facilitate Community Led Development.

In relation to Coldean, please can the committee describe when and how the LWJV intends to engage with the Coldean community relating to the development of site 21 and how access to site 21a will be developed. If BHCC are able to provide details of the liaison personnel for Hyde Housing this would be appreciated."

77.67 The Chair responded as follows:

"Thank you for your deputation, in relation to your point

**Please can the committee re-affirm its commitment to providing communities around the city access to appropriate development sites for community Led Housing, not just the 'smaller S106' sites which are left over from all other programmes as indicated in section 3.10.**

The report being considered later on this agenda as well as the strategic framework of City Plan, Housing Strategy and Fairness Commission all clearly indicate support for community led housing in the City as does investment of over £460k to enable capacity building and pursuit of further funding opportunities in discussion with the Ministry of Housing, Communities and Local Government.

Our support of and funding for Community Housing is not contingent upon use of Council land and is in the context of consideration of making best use of resources to meet wider housing need, provision of nomination rights and support for other agreed priorities including our New Homes for Neighbourhoods programme.

**Will the committee give assurance that, following the completion of a mutual site allocation process, sites allocated for community led development would be pro-actively transferred into the Brighton & Hove Community Land Trust to demonstrate BHCC's commitment to facilitate Community Led Development.**

As outlined in previous reports and in the report to be considered in this agenda, community housing groups have received significant funding to enable growth of capacity of community led housing providers, which is welcomed.

This support and funding is not contingent upon council land, which will not be 'allocated', and is subject to other stated council priorities including meeting our requirements to:

- Support New Homes for Neighbourhoods programme;
- Statutory requirements to achieve best consideration should land be disposed of;
- Requirement for nomination rights should land be disposed of for housing to assist with meeting housing need in the city;
- City Plan & Housing Strategy requirements around maximising housing supply on available sites.

Details of how sites can be identified is being developed, as outlined, so we can review potential sites for community-led housing providers to assess and make proposals for their use.

Any land to be considered for use by Brighton & Hove Community Land Trust or other community led housing providers will be dependent upon an approved scheme for the specific site and will be subject to committee approval, including meeting the requirements outlined above.

**In relation to Coldean, please can the committee describe when and how the LWJV intends to engage with the Coldean community relating to the development of site 21 and how access to site 21a will be developed. If BHCC are able to provide details of the liaison personnel for Hyde Housing this would be appreciated.**

This is a matter for the LWJV Board to consider and I propose this is referred to the Board for this purpose. The proposals are at a very early stage and there will be substantial consultation with local residents, not least as part of the planning application itself. Even at this early stage, comments and queries from Coldean residents have been passed on to project officers, and this will continue to happen.”

#### 77.68 **RESOLVED**

- (1) That the deputation be noted.

#### 78 **ISSUES RAISED BY MEMBERS**

- 78.1 There were no Petitions, Written Questions, Deputations or Letters from Councillors.

#### 79 **REQUEST TO PURCHASE A PIECE OF HRA LAND ON MILE OAK ROAD**

- 79.1 The Committee considered a report of the Executive Director, Neighbourhoods, Communities & Housing concerning a request to purchase a piece of Housing Revenue Account land, adjacent to 336 Mile Oak Road, Portslade, for the sum of £27,000 with an additional offer of £500 towards legal costs. The HRA site was currently a small hardstanding and garage. Prior to 2015 the land was used for informal off-street parking by local residents which had prompted local residents to formally ask if they could purchase the plot for off-street parking. The proposal provided the council with an opportunity to release an unviable asset and invest the capital receipt to meet key strategic priorities as outlined in the HRA Asset Management Strategy. The report was presented by the Housing Stock Review Manager.
- 79.2 Councillor Mears asked when the policy not to sell HRA housing land was rescinded. It was explained that the general presumption was not the disposal of HRA sites per se, but cases had been brought to the committee before where small parcels of land could be disposed of with committee agreement. These were small sites which were not of use to the HRA or were not considered valuable for the New Homes for Neighbourhood Programme. Councillor Mears stated that it would be helpful for the wording of the policy to be reviewed to provide clarity.



- 79.3 Councillor Moonan asked officers to confirm that the land did not provide enough space to build a house; that there was a covenant on the land so that it could only be used for parking in the future; and that any application to build was unlikely to be granted planning approval. Officers confirmed that there were restrictive covenants that blocked the purchaser from developing the land. It could only be used for storage or car parking.
- 79.4 Councillor Bell asked how much the Clutton's report had cost to produce and which budget had been used to pay the fee. The Head of Housing Strategy, Property and Investment informed members that the Clutton's valuation costs would be sent to all members. The use of the receipt would go back into the HRA Capital Programme for investment. The evaluation costs came out of the Property & Investments – Surveys and feasibilities budget.
- 79.5 Councillor Gibson referred to paragraph 3.3 on page 28 which stated that in 2015 offers had been invited from the open market. However the council could not proceed with the final bidder. Councillor Gibson asked what happened with the final bidder. He further asked if anyone had talked to the Community Land Trust to see if the land was suitable for a less conventional approach. The Head of Housing Strategy, Property and Investment explained that officers would confirm to members why the previous bidder did not proceed. This might be confidential information. A report on Community Land Trusts would be discussed later on the agenda; however he confirmed that this site was not suitable for residential development.
- 79.6 The Chair asked for clarification that the purchaser had to pay costs of all the works that had been carried out. It was explained that the purchaser had to pay £500 legal costs.
- 79.7 Councillor Gibson suggested that that it was good practice to talk to the CLT and others who may be able to develop difficult sites. The Head of Housing Strategy, Property & Investment explained that this was the pathway outlined in the Community Led Housing report.
- 79.8 The Chair noted that the site was next to an electricity sub-station which would be another reason to deter people from developing this land.
- 79.9 **RESOLVED:-**
- (1) That Housing and New Homes Committee recommend to Policy, Resources and Growth Committee that the council sell the freehold interest of the subject land adjacent to 336 Mile Oak Road as detailed in the attached plan.
  - (2) That the Housing and New Homes Committee recommend to Policy, Resources and Growth Committee that the capital receipt is used to support the HRA Capital Programme.

## **80 PURCHASE OF PROPERTIES WITH RESTRICTIVE COVENANT**

- 80.1 The Committee considered a report of the Executive Director, Neighbourhoods, Communities & Housing which informed members that at Housing & New Homes Committee on 15 March 2017, it was agreed to explore the possibility of purchasing and refurbishing two properties where a restrictive covenant was in place. The covenant

provided an opportunity for the council as it lowered the purchase value of the properties. Since March 2017 viability modelling of the proposal had been undertaken and negotiations had been ongoing with a final purchase price now being agreed with Orbit Housing Association (the Registered Provider (RP) as vendor. The report was presented by the Empty Property Officer.

- 80.2 In answer to questions put by Councillor Gibson officers confirmed that the use of the building was discussed at the Estate Regeneration Members' Board. The model used for the rental income was the standard model used by financial services in setting viability. This was at the Local Housing Allowance Rate and would normally include the service charge.
- 80.3 The Director for Neighbourhoods, Communities & Housing explained that there had been discussions with Adult Social Care colleagues, where there was an Accommodation Board. The main reason why these properties were being put forward as temporary accommodation and not supported accommodation was that the council did not currently have a supported accommodation strategy. As a result, officers recommended that the best use of the buildings was as temporary accommodation. The Chair confirmed that the Estate Regeneration Board had discussed and agreed that these properties should be used as temporary accommodation.
- 80.4 The Head of Housing Strategy, Property & Investment stated that the modelling included all the costs for the scheme. This would include all service charges.
- 80.5 Councillor Moonan thanked officers and the Chair for the report and was pleased to see that the recommendations would lead to 15 new units of much needed temporary accommodation within the city at affordable rent levels. The whole project cost about £136,000 per unit which was good value for money.
- 80.6 Councillor Gibson made the following points:
- He supported buying and bringing these properties back into council ownership.
  - He expressed concern that the council were in the position of having to buy back properties that had been sold by the council 20 years ago to a housing association.
  - He expressed concern at the proposed rent levels. There had been a 30% increase, including service charge, since 2015.
  - The council should buy properties from the private sector where the council can offer a rent reduction on those properties.
  - The report did not properly discuss the other options, which could have included general needs housing.
  - The council should not delay in buying these properties, not least that the council would be using up some of the borrowing that it had unused. Concern was expressed that the council had at the beginning of this year £34m unused borrowing. It was predicted that at the end of the year there would still be £28m unused borrowing.
- 80.7 Councillor Mears stated that the properties were sold in 1999, and it should be borne in mind that property prices in the city had risen dramatically since then. Councillor Mears was happy to support the purchase of properties that were already built. She considered this a positive way forward.

- 80.8 Councillor Druitt expressed concern that the properties had previously been sold by the council and requested that there should be agreement that the council should not sell council owned properties. Councillor Druitt stated that he had just carried out a property search on Rightmove for studio and one bedroom flats for less than £100,000 and had found 10 within Brighton & Hove, four in Newhaven and five or six in Shoreham. It was therefore possible to buy properties from the private sector.
- 80.9 The Chair stated that the council could not stop right to buy, which was a government initiative.

80.10 **RESOLVED:-**

That Housing & New Homes Committee recommend to Policy, Resources & Growth Committee that:

- (1) The council purchase and refurbish the two properties at in Queens Park ward, Brighton to provide 15 units of accommodation for future use by the council as temporary accommodation.
- (2) A budget of £2.040m for the purchase and refurbishment of these two properties is approved, which includes a purchase price of £1.200m.

**81 YOUR ENERGY SUSSEX - ENERGY TARIFFS**

- 81.1 The Committee considered a report of the Executive Director, Neighbourhoods, Communities & Housing which provided a further update on the Your Energy Sussex (YES) partnership, led by West Sussex County Council (WSCC). The Your Energy Sussex Partnership was a local energy tariff scheme delivering a set of competitively priced high value energy tariffs to residents and businesses across the Sussex area. YES is a local authority partnership open to 15 Sussex local authorities working with residents, businesses and other partners to promote energy saving and renewable energy. The Council was an Affiliate member of the partnership. The report was presented by the Housing Sustainability and Affordable Warmth Manager.
- 81.2 Councillor Druitt stated that he was pleased to see detail on concerns raised at the previous committee meeting. His main concern had been that although it was clearly a good opportunity to improve value for money for the majority of tenants on the big six energy tariffs, it was not clear it would benefit everyone. He had also been concerned that the council branding would give the impression that it was the best deal.
- 81.3 In answer to questions raised by Councillor Druitt, the Housing Sustainability and Affordable Warmth Manager explained that there were no exit fees with this scheme if customers left during the tariff period. With regard to representations around governance, an officer from the council would be involved in the governance of the scheme. With regard to comparisons, the big six had been used in this example because people most likely to benefit from switching were those on the six big tariffs. The scheme was aimed at people who were on those higher tariffs. In terms of the broader market, officers would look to communicate to people that although it was competitive, the local energy tariff scheme was not necessarily the cheapest deal, and

that there might be better deals available. Councillor Druitt stated that this allayed his concerns and that the Green Group would support the recommendations.

- 81.4 Councillor Bell asked the following questions and made the following points:
- How many homes did West Sussex County Council look after?
  - Paragraph 2.4 on page 57 – Councillor Bell could not support that recommendation.
  - He noted that paragraph 3.3 on page 58 stated that the tariffs would not be the cheapest on the market.
  - Looking at the Equalities Implications on page 62, Councillor Bell noted that the council managed things very well without signing up to any scheme.
  - The Brighton & Hove Energy Service Co-operative used to be funded by the council and already advised and helped residents to find the cheapest tariffs.
  - Councillor Bell stressed that the council should offer its services should people need help but should not recommend a particular supplier.
- 81.5 The Housing Sustainability and Affordable Warmth Manager explained that West Sussex County Council did not own any of their housing stock but as this scheme was offered to all tenures of housing (private and social housing) they had about 700,000 homes. The scheme was aimed at people across all tenures. The council were working closely with Brighton & Hove Energy Services Co-operative on a number of projects, including the Warmth for Wellbeing Project and the SHINE project in council housing. They were in receipt of funding from various sources at different times of the year to advise people, including advice on switching which would be on a one to one basis.
- 81.6 Councillor Atkinson stated that he had some concerns at the last meeting but would now support the report. The previous report had focused too strongly on promoting the scheme. He was pleased to see the section on page 60 on the Fuel Poverty Fund.
- 81.7 Councillor Hill stated that she too had concerns at the last meeting which were addressed well in the report. It was not possible to put forward a tariff which was always the cheapest as tariffs were constantly changing. With Your Energy Sussex, there would be better value over a period of time. Councillor Hill was pleased to see the scheme could also offer a void switching service.
- 81.8 **RESOLVED:-**

That the Housing and New Homes Committee:-

- (1) note the appointment of Robin Hood Energy (RHE) by WSCC as the energy supplier for the YES energy tariff scheme
- (2) supports the communication of the benefits of switching energy suppliers and the availability of the YES scheme to residents in the city through existing networks open to us.
- (3) note the opportunity to develop a voids service for both Housing Revenue Account (HRA) properties and leased properties used for temporary accommodation.

- (4) note the opportunity to participate in the Your Energy Sussex Fuel Poverty Fund, that will use income generated from the scheme to fund fuel poverty and energy efficiency projects across the partnership (draft principles at appendix 1.)

## **82 COMMUNITY LED HOUSING UPDATE**

- 82.1 The Committee considered a report of the Executive Director, Neighbourhoods, Communities & Housing which provided an update on activity in delivering community led housing in the city and progress against the recommendations agreed at Housing & New Homes Committee on 25 September 2017, attached at Appendix 1. The report was presented by the Housing Strategy & Enabling Manager.
- 82.2 Councillor Gibson welcomed the report and the deputations heard earlier and stressed the importance of exploring all the options that were available to address the housing crisis. He was at the recent launch of the Community Led Housing Programme and hoped the council could harness and work with the enthusiasm displayed at the launch. He was pleased that the Right to Buy was avoided through CLT development. If the developments addressed concerns about density and access for local people on low incomes, and in the greatest possible housing need, then it was to be completely welcomed. He further welcomed the suggestion that there should be a future report showing how the £464,540 grant awarded to the Brighton & Hove Community Land Trust had been spent and how well the council had worked in partnership to progress this work.
- 82.3 Councillor Hill stated that she was at the launch which was very well attended. There had been talk of Community Led Housing disrupting the market as the market did not work for many people. She looked forward to seeing more work carried out on these sites and to see some projects coming forward.
- 82.4 Councillor Druitt stated that it was valuable listening to the deputations earlier on the agenda. He noted that the deputations had made a number of recommendations and asked if the recommendations were practical, possible and legal. Councillor Druitt specifically noted the idea that the council allow an asset transfer to the Community Land Trust before the community have been able to detail extensive plans. Meanwhile, he asked what more the council could do to support the community; both the Community Land Trust and other community groups, who wanted to engage in this type of provision.
- 82.5 The Senior Lawyer stated that it was not possible for the council to allow an asset transfer to the Community Land Trust before the community had been able to detail extensive plans. The council needed to get “best consideration” reasonably obtainable for the disposal of any individual piece of land.
- 82.6 The Head of Housing Strategy, Property and Investment stated that the council worked closely with the Community Land Trust and in terms of resourcing, the £464,000 had been used to fund seven enablers to work with the community to build capacity. The council also wanted to put community housing groups in touch with land agents in the city and developers who might want to discuss the use of other sites for community housing development. In the past, the Empty Property Officer had supported community housing groups to bid to the Homes and Communities Agency for funding. The council were in conversation with government about their second tranche of community housing

funding and how the council could support community housing groups to bid for Homes England funding or direct government funding to enhance both revenue and capital.

## 82.7 RESOLVED:-

That Housing & New Homes Committee:

- (1) Note the progress to date with supporting community led housing in the city and the future plans.

## 83 OPTIONS FOR THE FUTURE DELIVERY OF HOUSING REPAIRS, PLANNED MAINTENANCE AND CAPITAL WORKS

83.1 The Committee considered a report of the Executive Director, Neighbourhoods, Communities & Housing which updated members on the commencement of an options programme in relation to the future delivery of repairs, planned maintenance and capital works for the council's housing stock. The Council currently operated a ten year partnering contract with Mears Limited under which the following services and works are provided for the council's housing stock:

- Responsive repairs and empty properties maintenance
- Planned maintenance and improvement programmes
- Major capital works projects

83.2 The Mears Limited contract expired on 31<sup>st</sup> March 2020 and therefore the options for the future delivery of the services and works that are currently covered under this contract now needed to be assessed. Officers were engaging with residents through the Area Panels, workshops and sessions with residents. The report was presented by The Business and Performance Manager and the Business and Performance Project Manager.

83.3 Councillor Moonan stated that the report was an outline of a process and had been well received by the Area Panels. The committee would be discussing this matter further on future agendas. Councillor Moonan considered that this was an opportunity to bring the service back in house and wanted this to be investigated as an option.

83.4 Councillor Atkinson referred to page 84, paragraph 3.4, relating to the programme board. He asked who would sit on the board. Officers explained that it was an officer board and included officers from Housing Services and other parts of the authority, including procurement, finance, legal and HR. Members' governance was through the Members' Procurement Advisory Board.

83.5 Councillor Mears welcomed the report and made the following points:

- It was an opportunity to move forward and look at what had happened in the past.
- It was important to emphasise that the Mears contract was never "light touch". The council were responsible for managing the contract.
- The work being carried out was welcomed but it needed to be recognised that unless the contract was managed in the proper way, there could be problems in the future.
- There needed to be clarity with regard to how the contract was let in the first place.

- 83.6 The Executive Director of Neighbourhoods, Communities & Housing agreed that the management of the contract was a key consideration and would be a large part of the work being carried out. Officers had identified what tenants and leaseholders expected and would listen to their views. Tenants and leaseholders would also be asked to monitor the work and the Project Board would look at management arrangements.
- 83.7 Councillor Hill observed that it was a large contract and she hoped that the council could be open to having different parts of the service let to different contracts. This would give more power to tenants and leaseholders.
- 83.8 Councillor Bell stressed that leaseholders made up 20% of housing stock and their views were very important. He personally received more complaints from leaseholders than tenants. Officers confirmed that there was a working group with leaseholders reflecting the current provision. The process for consultation was outlined in the report. Officers would look to arrange workshops for feedback from both tenants and leaseholders. There was a multi stage consultation. There would be an initial consultation with leaseholders before the contract went out to tender.
- 83.9 Councillor Gibson stressed that it was important to ensure the consultation was meaningful. He believed that public provision was a better model because the council was not out to make a profit, and the council provided better conditions to its staff. The problems raised with the Mears contract would be more easily and openly resolved if the council ran the contract and bringing it back in house was desirable. Councillor Hill's suggestion about breaking up the contract should be considered.
- 83.10 Councillor Wares made the point that there were many tenants who were not involved with Area Panels, workshops or associations. It was very important to reach all these people when carrying out the consultation. The Executive Director, Neighbourhoods, Communities & Housing concurred and stressed that this was probably the largest consultation in ten years. Officers would inform tenants through "Homing In", and would work with ward councillors and tenants. The council were now able to use social media and there was a better digital platform. Officers would contact as many tenants as possible.
- 83.11 Councillor Wares stressed the importance of adequate management and checking of work carried out. There was a need to learn from past experience.
- 83.12 Councillor Druitt agreed with the idea of splitting the contract. He expressed concern that the report seemed an officer consultation led. The wording was not clear that it would be a resident led programme. He referred to paragraph 3.10 which stated that there would be a number of workshop sessions. He would rather that the Project Board updated members on key decisions. Meanwhile, he was concerned about how much information was readily available during the decision making process, and asked how it compared to other contracts. He asked how much background information would be considered.
- 83.13 The Executive Director stated that residents would be involved in the process but the decision makers were ultimately councillors. The performance report showed that Mears Ltd performance in responsive repairs was very good. There needed to be a balanced view about Mears performance. Tenants were largely satisfied with Mears responsive repairs programme. Officers knew that the management of the contract was now robust

but that there had been times in the past when it had not been. The Executive Director was happy to have tenants and leaseholders involved in the process.

83.14 The Business and Performance Manager stated that there was also a formal process for engagement. In terms of access to information, the council held all the information which was needed. Although Mears were the main contractor, and had the lead IT system, every piece of information came into the council's own system so it had all historic information. All the performance information including the key performance indicators were controlled through the council. The process was at a very early stage. The Business and Performance Project Manager was working on a resident engagement plan which officers would be happy to share with Area Panels and members. Some of processes around engagement were governed by legal processes.

83.15 **RESOLVED:-**

- (1) That committee notes the commencement of an options programme in relation to the future delivery of repairs, planned maintenance and capital works for the council's housing stock, as detailed in the body of this report.

#### **84 THE PROCUREMENT OF LEGIONELLA ASSESSMENT AND CONTROL SERVICES FOR HOUSING STOCK**

84.1 The Committee considered a report of the Executive Director, Neighbourhoods, Communities & Housing which informed members that approval and authorisation was sought from the Committee regarding the recommendations in Section 2 of the report in order for the continuity of legionella assessment and control services within the council's social housing stock to take place, ensuring hot and cold water is safe for domestic use. This involved inspecting and testing water systems for legionella and managing risk and treatment for remedial works. The report was presented by the Housing Sustainability and Affordable Warmth Manager & Interim Mechanical & Electrical Team Manager.

84.2 Councillor Mears stated that she was happy to support the first recommendation but had concerns about the second. She requested an annual update report to the Housing & New Homes Committee. Officers agreed that they could provide an update report as required.

84.3 The Chair proposed an amendment to add recommendation 2.1 (iii) "report annually to the Housing & New Homes Committee". This was seconded by Councillor Mears.

84.4 The Committee voted on the amendment which was agreed unanimously (with the exception of Councillor Druitt who was not in the Council Chamber during the vote). The Committee then voted on the substantive recommendations which were agreed unanimously along with the addition of 2.1(iii).

84.5 **RESOLVED:-**

That the Committee:

- (1) Delegates authority to the Executive Director for Neighbourhoods, Communities and Housing to:



- (i) Procure and award a contract for the provision of legionella assessment and control services within housing stock for a term of three years; and
- (ii) Approve an extension(s) to the contract referred to in 2.1(i) above for a period of up to two years following the initial three year term, subject to satisfactory performance by the provider.
- (iii) Reports annually to Housing & New Homes Committee.

Note: Councillor Druitt was not in the Council Chamber during the vote.

## **85 HOUSING MANAGEMENT PERFORMANCE REPORT QUARTER 3 2017/18**

- 85.1 The Committee considered a housing management performance report of the Executive Director, Neighbourhoods, Communities & Housing which covered Quarter 3 of the financial year 2017/18. The report was presented by the Head of Income, Involvement and Improvement.
- 85.2 In answer to questions raised by Councillor Moonan it was explained that officers were anticipating a further increase in arrears as a result of Universal Credit. There were steps that people could be advised to take to reduce arrears and there were many ways in which officers were supporting all claimants on Universal Credit, including trying to get people into work and training. The DWP had agreed for Brighton & Hove to be a trusted partner and the council could now apply to them to see if someone's rent could be paid directly. 92% was an exceptionally good result last year and there were the lowest evictions of any council social landlord. Officers were looking to deal with anti-social behaviour across the council. A workshop on Tenancy Enforcement would be available for councillors in the next two weeks.
- 85.3 Councillor Bell noted that the Chair's Communications had reported that Mears Ltd had answered calls in two minutes during the recent extreme weather. He asked why they could not match this record at all times. A written response from Mears would be acceptable. It was explained that performance had been good in terms of an average wait time of 29 seconds.
- 85.4 Councillor Atkinson noted that the greatest increase in anti-social behaviour was in North Portslade and was interested to know if housing officers increased levels of support. It was explained that when there was a restructure in 2016 there were fewer staff members dealing with anti-social behaviour. Improvements had now been made so that there was a single point of contact. As a result the situation was improving.
- 85.5 Councillor Mears referred to the table at paragraph 3.6 on page 106, Long Term Empty Dwellings by Ward. She stressed that it was important to know what rent was lost and why properties were empty and requested a fourth column providing that information. It was agreed that officers could provide this information in future.
- 85.6 In answer to a question from Councillor Lewry about long term empty dwellings (extension programme) it was explained that officers were trying to extend properties for residents who needed a larger property but did not want to move. Officers had also tried to extend properties that were empty with a particular tenant in mind. Officers would review carrying out more work with residents in situ and review previous cases to

achieve an immeasurably better result in future. It was confirmed that officers had looked at a range of work including side, rear and loft extensions.

85.7 Councillor Gibson thanked officers for the report. He raised questions relating to the implementation of Universal Credit as follows:

- Page 100 – 1.8. Currently it said that 2.1% of all tenants were affected. When Universal Credit was fully implemented in the city, what percentage of tenants would be affected? It was confirmed that officers did not have figures to hand but the projections did not look good. Councillor Gibson requested that the details be circulated to members.
- Looking at the projections it looked like the arrears were fairly proportionate to the number of tenants affected at this point. This was worrying and distressing for the tenants.
- In terms of other Local Authorities, at what levels had were they reaching a plateau in terms of a percentage of their total rent?
- When would Universal Credit be fully implemented in the city?

85.8 In response it was explained that it was difficult to report about the arrears levels for different authorities because they had had implementation at various stages. It was only now that the government were trying to accelerate Universal Credit across the country. Officers would provide examples of figures they had come across when it plateaued out. Brighton & Hove would be fully implemented in 2020 if Universal Credit stopped at working age people only. There had been some talk about Universal Credit being extended to people over pensionable age.

85.9 In response to a question from Councillor Hill relating to cleaning data it was explained that officers were informed from estate inspections. The team of staff took pride in their work and met and talked to many tenants.

85.10 Councillor Wares thanked the Head of Income, Involvement and Improvement and the Head of Tenancy Services for the work carried out to help residents at Stanmer Heights and congratulated officers on achieving trusted partner status. In response to a question about anti-social behaviour it was explained that the 163 figure related to individual cases.

85.11 Councillor Druitt thanked officers for additional information about long term empty dwellings but asked if future reports could add a commentary to explain the reason why the properties had been long term empty, for example if works had been completed. Councillor Druitt referred to the coloured circle on page 98 (Status of Performance Indicators) and noted that the total of 5 in one section was 11% and 12% in another section. It was in fact 11.3% in both cases. He requested that the next report had the previous period's circle. In relation to the circle it was explained that the system rounded up or down, but it was acknowledged that it would have been better to put 11% on both sections. With regard to those figures in the information on page 98, the report did give the figures for the previous quarter, in the bullet points. Councillor Druitt stated that the figures did not give the aggregate total for the last quarter compared with this quarter. It was confirmed that officers would provide this information in future.

85.12 Members were informed that in terms of long term voids, officers could provide more information to let the committee know whether they were long term because they

required major works which by their nature were long term, or if they were long term empty because (as with some of the Seniors housing) it had taken officers a long time to let them.

85.13 The Head of Income, Involvement and Improvement appreciated the thanks she had received for the report but stated that it would not be produced without the help of her colleague Tom Matthews who was in the Performance and Improvement Team.

85.14 **RESOLVED:-**

(1) That the report be noted along with the comments of the Committee.

**86 ITEMS REFERRED FOR FULL COUNCIL**

86.1 No items were referred to full Council.

The meeting concluded at 7.43pm

Signed

Chair

Dated this

day of



**WRITTEN QUESTIONS FROM MEMBERS**

The following questions have been received from Councillors and will be responded to by the Chair, Councillor Meadows. A Member who asked a question may ask one relevant supplementary question which shall we put and answered without discussion.

**(1). Councillor Gibson**

For the HRA Capital programme for each of the years 2015/16, 2016/17, and 2017/18, please can you provide the total expenditure that was re-profiled?

**(2). Councillor Gibson**

For each of the years 2013/14, 2014/15, 2015/16, 2016/17 and 2017/18 please can you provide the net cost of (i.e. less HB income) of spot purchase and short term emergency accommodation?

**(3). Councillor Gibson**

Please can you list the schemes for new council homes provided in answer to Councillor Lewry's question to full council on 19<sup>th</sup> April 2018 which were being actively considered and developed by the estate regeneration board under the previous administration prior to May 2015 (and which were not)?



Geoff Raw – Chief Executive  
Brighton & Hove City Council

21<sup>st</sup> May 2018

Dear Geoff

I am submitting the following letter under Council Procedure Rule 23.3 to be included on the agenda for the Housing & New Homes Committee meeting of 13<sup>th</sup> June 2018.

In May 2017 point of use water heaters were installed in flats at Elwyn Jones Court to alleviate the risk of legionella's disease associated with the communal heaters. Following those installations residents queried why they were still being charged via their service charge for communal hot water when the point of use heaters were being supplied by electricity that residents paid directly for to their own electricity provider.

On the 29<sup>th</sup> September 2017 the Council confirmed that the service charge would be reduced. The Council have further confirmed that insufficient consultation with residents took place, that lessons needed to be learnt and that a meeting to explain this would be held with residents. The Council offered to reduce the service charge by 20% but have yet failed to provide any justification to this arbitrary value.

For over a year the Council have dragged their heels in dealing with this matter, have yet to adjust the service charge, yet to have the meeting, yet to explain the discount offered and yet to refund any residents.

It is scandalous for this situation to exist and for elderly and vulnerable residents in the Council's care to be treated this way. It is entirely unacceptable for the Council to procrastinate over the discounts due and the refunds to be withheld.

In a letter copied to me by a resident they signed off by saying (name withheld), "aged 86 and trying to stay alive long enough to get my refund and reduced charges". It is a shameful and disgraceful situation that compels residents to say this.

To that end, I respectfully request that The Executive Director – Neighbourhoods, Communities and Housing be requested to bring an immediate end to this protracted debacle, provide residents with a fully justifiable discount to their future bills and refund all monies improperly and inappropriately taken from pensioners in this Council's care together with commensurate compensation.

It is further requested that The Executive Director – Neighbourhoods, Communities and Housing prepare a report for Audit and Standards Committee fully explaining the background to this matter, consider the lessons learnt and consider appropriate changes to prevent a repeat of this wholly unacceptable situation.

Yours sincerely Cllr. Lee Wares





**GREEN GROUP NOTICE OF MOTION**

**CAPACITY AND RESOURCES TO EXPAND PUBLIC HOUSING**

This Committee notes that over the last three financial years £10.5m (net) of the HRA's allowable £41m borrowing capacity has been used. This equates to an average of £3.5m a year. This leaves £30.5m of resources available to housing that has not been used.

This Committee further notes it is proposed in the current financial year to borrow over £20m. Yet last year, only £3.2 million was actually borrowed and by month 7 £7.6m spending had been re-profiled into future years' expenditure.

This Committee wishes to maximise the use of existing resources available to expand council housing. It is therefore requested, that as a matter of urgency, a report be brought to Housing & New Homes Committee, which:

1. Investigates obstacles to using available borrowing;
2. Explores additional capacity needed to achieve spending;
3. Provides a timetable which sets out how the current borrowing plans can be achieved across the next two years, without re-profiling.

Proposed: David Gibson

Seconded: Tom Druitt

Supporting Information



<b>Subject:</b>	<b>Leaseholder Engagement</b>		
<b>Date of Meeting:</b>	<b>13<sup>th</sup> June 2018</b>		
<b>Report of:</b>	<b>Larissa Reed, Executive Director, Neighbourhoods, Communities &amp; Housing</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Dave Arthur, Leasehold Services Manager</b>	<b>Tel: 293072</b>
	<b>Email:</b>	<b>dave.arthur@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE**

**1. PURPOSE OF REPORT AND POLICY CONTEXT**

1.1 This report looks at how the council currently engages with leaseholders and proposes ways in which this engagement could be improved, concentrating on the following themes:

- Improving customer service
- Better communication
- Value for money
- Greater engagement on planned major works

**2. RECOMMENDATIONS:**

2.1 That the committee notes the practical measures to improve engagement with leaseholders set out in paragraphs 3.29 to 3.40 and supports their implementation.

**3. CONTEXT/ BACKGROUND INFORMATION**

3.1 The council manages around 1,500 blocks of flats of various types and sizes, over 4,000 tenanted houses, more than 7,000 tenanted flats and approximately 2,880 leasehold properties.

3.2 These leasehold properties comprise 2,380 flats sold under the Right to Buy along with 499 flats and houses leased to Seaside Homes.

3.3 All the leased properties contractually require the leaseholders to contribute to the council's total expenditure incurred in keeping the exterior, structure and common parts in repair, along with providing services such as cleaning, grounds maintenance, management, etc.

- 3.4 The leases, with the exception of most leases created before 1987, include a provision to contribute towards works of improvement.
- 3.5 Leaseholders are protected in law on service charge costs to the extent that the costs are 'reasonably incurred', works or services are carried out 'to a reasonable standard', the leases allow for the costs to be passed on and the consultation requirements have been complied with.
- 3.6 The council has set up its own 3-stage internal disputes procedure to aid resolution of service charge complaints. This has proved extremely successful. Over the last 10 years there have been an average of around 60 disputes a year with more than 90% of these resolved at the first two stages. In this period, only three cases have gone to a tribunal hearing.
- 3.7 Leasehold management in the council is not dealt with in one team. The Leasehold Team is responsible for administration of the leases, verifying service charges, financial breaches of the lease and service charge dispute resolution. Housing as a whole is responsible for leasehold management. For example, consultation is dealt with by Property & Investment and Tenancy Management deal with the management of the building and the leases, along with any non-financial breaches.
- 3.8 The council is committed to engaging with leaseholders through the formal Resident Involvement channels such as Residents Associations, the Leaseholders Action Group (LAG), Area Panels and Service Improvement Groups.
- 3.9 Groups of leaseholders in a building have the right to set up tenants' associations. Under section 29 of the Landlord and Tenant Act 1985 the council can recognise such an association for the purpose of dealing with service charge matters.
- 3.10 However, the most important relationship in leasehold management is with the leaseholder themselves on an individual basis.

#### **How does the council currently do leasehold management?**

- 3.11 The council's current engagement and communication includes:
- An interim charge sent out each March to every leasehold property (**see Appendix 1**)
  - A Certificate of Expenditure each September with the actual costs for the building and the property (**see Appendix 2**)
  - A leaseholders' newsletter with information about different lease issues included in each mailshot
  - A leaflet explaining how the service charge works and how payment may be made in each mailshot
  - A gas safety leaflet urging that appliances are checked annually
  - Current contact details to be amended and returned in a pre-paid envelope
  - A major works information sheet if major works are being billed, setting out the help with payment that is available (**see Appendix 3**)

- A summary of rights & responsibilities (this is statutory)

3.12 The key information and advice provided includes:

- Leaseholders' Advice line
- Council leaseholders' handbook
- Leaseholders' page on council website
- Welcome pack for new leaseholders
- Leaseholders' disputes procedure and explanatory leaflet
- Major works information sheet
- Insurance policy booklet

3.13 The term 'major work' is used to refer to any work that costs a leaseholder £250 or more. These are works that fall within the statutory consultation requirements and will receive the following:

- Statutory consultation notices to each leaseholder with 30 days for written observations (**see Appendix 4**)
- The council responds to all written observations within 21 days

3.14 The council recognises the importance of engaging with all leaseholders as it recognises the importance of engaging with all tenants. Current leaseholder involvement includes:

- LAG annual general meeting (AGM) for all leaseholders
- Quarterly LAG meetings with committee members elected at AGM
- LAG representatives elected to Area Panels
- LAG representatives elected to Service Improvement Groups
- Periodic satisfaction surveys issued to all leaseholders

### **High cost works**

3.15 Recent years have seen a period of increased investment in Housing's residential properties. Knowing this concentrated investment would result in higher service charge contributions for leaseholders, the council was careful to put in place measures around consultation and payment designed to mitigate the impact.

3.16 For high cost major works the following were put in place:

- Flexible payment options including longer interest-free repayment periods and, for resident leaseholders with payment difficulties, non-repayment loans such as equity loans repaid on the next sale or transfer of the property
- Meetings before Section 20 consultation notices are sent out
- Meetings during the consultation period
- Inspections of surveys, specifications and estimates offered with a council Quantity Surveyor able to sit in and give line by line interpretation and support

- Offer of confidential meetings with leaseholders to discuss payment options – these have had a very positive take-up with payment difficulties for many resolved
  - Council Housing surveyor checks on 100% of works carried out
- 3.17 To date, out of 600 leaseholders who have been billed more than £5,000 for major works since 2012, we have agreed 16 equity loans and 3 voluntary legal charges.
- 3.18 The Pension Service has paid the major works housing costs of leaseholders in receipt of Pension Credit.

### **How can the council improve engagement with leaseholders?**

- 3.19 In 2017 the Executive Director for Neighbourhoods, Communities and Housing set up a councillors working group on leaseholders which has resulted in drawing together a number of leasehold issues where improvement can be made. This coincided with a paper presented by the LAG committee on '*the objectives and means for achieving major change in the relationship between leaseholders and the Housing department of BHCC*'. **(See Appendix 5)**.
- 3.20 Work with LAG and the councillors' working group has led to further ideas on where engagement with leaseholders can be improved. **(See Appendix 6)**.
- 3.21 The council recognises that although it has been technically robust in terms of its obligations to comply with leasehold legislation this should not be the limit to our leasehold management and we need to move beyond the confines of the statutory to achieve better customer service.
- 3.22 There is a consensus that too much reliance has been placed on holding meetings where in reality few people attend. Instead the council needs to concentrate on getting the basics right with a positive and straightforward regime of communication with all leaseholders by letter and with the critical information given on a regular and ongoing basis.
- 3.23 The form of a lot of the information relating to works and the cost of works is wedded to IT systems that are inflexible and do not provide clear descriptions. Responsive repairs for example have job descriptions and Schedules of Rates descriptions which are very difficult to understand for the non-technical reader.
- 3.24 Engagement and communication at the earliest stages of major projects and planned maintenance has been patchy and not followed through during the course of works and after works.
- 3.25 More resident choice would be advantageous for tenants and leaseholders in the scoping of works. Whether a comprehensive programme of works is carried out together, with savings on long-term cost, or whether they can be done elementally over a number of years in more manageable stages is something that can be engaged on more fully.
- 3.26 Leaseholders have been frustrated at not knowing who to go to from the council if there is a problem on site that nobody else can resolve. Clear identification of

the council officer to go to with the autonomy and status to resolve issues quickly would be welcomed.

3.27 Leaseholders are critical of best value being achieved in the procurement of the elements comprising major works projects.

3.28 Leaseholders have told us they would like to see greater transparency in the procurement of our structural surveying consultants.

### **What practical measures can be implemented?**

3.29 An agreed project plan for high cost works that includes engaging with tenants and leaseholders impacted by the works comprehensively from an earlier stage and which involves engagement at key stages such as project initiation, condition survey, options, consultation, pre-commencement, snagging and sign-off.

3.30 Move to individual letters to tenants and leaseholders (both resident and non-resident) giving regular works updates and covering critical stages of projects such as condition survey, condition report, initial specification and cost, delays, commencement, alerts on scaffolding, progress, completion, snagging and the service charge.

3.31 A named council officer for each project with the status and autonomy to resolve issues as they arise.

3.32 The opportunity for leaseholders and tenants of blocks where high cost major works are undertaken to participate in commissioning structural surveying services, joining inspections and overseeing snagging of completed works.

3.33 Create a new position of Leaseholder Liaison Officer to meet and spend time with leaseholders when problems arise and to improve communications. We will consult the LAG committee on the Job Description for recruitment to the post.

3.34 Consult with LAG committee and the councillor working group on a new council leaseholders handbook.

3.35 Consult with the LAG committee and the councillor working group on the next full leaseholders' satisfaction survey (proposed to be carried out in tandem with the next tenants' STAR survey).

3.36 Ensure consideration of more accessible repairs information for leaseholders through the new IT system for Housing.

3.37 Involvement of tenants and leaseholders in consideration of options for the delivery of repairs and maintenance services after 2020.

3.38 Undertake workshops with officers, leaseholders and councillors to monitor progress.

3.39 Improve the communication of the planned maintenance and investment programme that is published on the council's website to allow continuous updating and information to individual buildings.

3.40 Include a customer service improvement element to the leasehold management training sessions that are rolled out across council staff and contractors.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

4.1 None considered as part of this report.

#### **5. COMMUNITY ENGAGEMENT & CONSULTATION**

5.1 Consultation has been undertaken with the Leaseholders Action Group at their quarterly committee meetings and with the councillors working group on leaseholders along with a joint officer/leaseholder/councillor workshop on 2 March 2018 (**see Appendix 6**). A briefing on the contents of this report was presented to the LAG annual general meeting on 14 April 2018.

5.2 This report was shared and discussed with leaseholders at the LAG committee meeting of 30<sup>th</sup> May 2018. The committee appreciated the work undertaken and unanimously voted to accept the report. The committee identified the following two questions which the council agreed to work on with the committee over the coming months:

- Consider processes for the LAG committee to engage more directly with all leaseholders including sharing LAG information and newsletters, for example alongside service charge letters.
- Consider how non-resident leaseholders are represented within existing resident involvement structures.

#### **6. CONCLUSION**

6.1 The enhancements to current processes detailed in this report would meet a lot of the aims identified by the LAG committee and by councillors to deliver improved engagement with leaseholders over the next few years.

#### **7. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

7.1 The HRA Budget for 2018/19 includes funding for a new leaseholder Liaison Officer post. Other costs of improving leaseholder liaison such as sending of individual letters to residents and the creation of a new handbook will be managed within current HRA budget resources.

*Finance Officer Consulted: Monica Brooks*

*Date: 16/05/18*



Legal Implications:

- 7.2 The standards for landlord consultation with leaseholders imposed by the Landlord and Tenant Act 1985 are minimum standards. The council is entitled to do anything which is calculated to facilitate, or is incidental to the discharge of its functions. The additional practical measures to improve leaseholder engagement set out in the report are therefore within the council's powers. As the Committee with delegated powers to discharge the council's functions as a housing landlord, it is within its powers to support their implementation.

*Lawyer Consulted:*

*Name Liz Woodley*

*Date: 15/05/18*

Equalities Implications:

- 7.3 None directly related to this report.

Sustainability Implications:

- 7.4 None directly related to this report.

Any Other Significant Implications:

- 7.5 None related to this report.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Example of interim charge
2. Example of Certificate of Expenditure
3. Major works information sheet
4. Example of S20 consultation notice
5. Leaseholders Action Group Aims September 2017
6. Minutes of Councillor-Leaseholder-Officer Working Group 2 March 2018

### **Documents in Members' Rooms**

1. None.

### **Background Documents**

1. Sections 18-30 Landlord and Tenant Act 1985 (as amended)

## Appendix 1



Housing  
Leasehold Team  
Housing Centre  
Eastergate Road  
Brighton BN2 4QL

Enquiries: 01273 293074  
Payments: 01273 291365

### Interim Service Charge for Year 2018/2019

Sent to: [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

Share of building cost: 4.17%		Building	Property
		For Year (£)	For Year (£)
Public Way Electricity		734.40	30.62
Interim Repairs Charge			195.33
Grounds Maintenance		2,098.29	87.50
Estates Service (Caretaking)		411.54	17.16
Door Entry System		39.33	1.64
Communal TV Aerials		325.38	13.57
Cleaning Service		2,977.25	124.15
Buildings Insurance - Standard	- 3 beds		138.00
Administration & Management		2,462.34	102.68
<b>Total Interim Charge for Year</b>	12 x monthly payment	<b>£</b>	<b>710.64</b>
<b>Monthly Payment due 1 April 2018</b>		<b>£</b>	<b>59.22</b>
<b>Ground Rent for Year due 1 April 2018</b>		<b>£</b>	<b>10.00</b>
Leaseholder(s): [REDACTED]		<b>Housing Customer Services</b>	
Of Property: [REDACTED]		<b>01273 293030</b>	
In Building: Stevens Court (C) - 45-68		<b>Repairs: Tel: 0800 052 6140</b>	
Lease Type: Hove 4			

## Appendix 2



### Certificate of Expenditure

Housing  
Leasehold Team  
Housing Centre  
Eastergate Road  
Brighton BN2 4QL


Enquiries: 01273 293074  
Payments: 01273 291365

**Actual costs for your building for the year ending 31 March 2017**

Sent to: [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

Services to your building*	Building (£)	Your cost (£)
Repairs	311.99	52.01
Public Way Electricity	157.14	26.20
Grounds Maintenance	198.10	33.02
Estates Service (Caretaking)	110.08	18.35
Door Entry System	37.80	6.30
Communal TV Aerials	81.34	13.56
Cleaning Service	768.60	128.13
Buildings Insurance - Standard - 2 beds		114.04
Administration & Management	605.82	100.99
<b>Total service charge for your property</b>		<b>492.60</b>
Major Works	Total cost (£)	Your cost (£)
Internal Decorations	2,962.25	493.81
<b>Total cost of major work for your property</b>		<b>493.81</b>
Your costs		£
Service charge for the year		492.60
Major work		493.81
Sub-total		986.41
Less service charge billed		618.12
<b>Under charged for the year to 31 March 2017 by:</b>		<b>368.29</b>

\*A report of the repairs carried out over the year is available on request.

Leaseholder(s):	[REDACTED]	 Principal Accountant <b>18 September 2017</b> Date
Of Property:	[REDACTED]	
In Building:	Buckley Close (O) - 25-35	
Lease Type:	Hove 4	
Share of building cost:	16.67%	
Date of lease:	25 April 1994	



# Major Works

## Information about major works, paying for major works and assistance for leaseholders facing large bills

### The need for major works

From time to time the council needs to carry out extensive work to its buildings in order to keep them in repair. Projects might include replacing windows, refurbishing lifts, external brickwork repairs or redecorating the common areas. Major works are generally those that will cost individual leaseholders more than £250.

### Consultation

If the council needs to carry out any major works to your building, you will be consulted beforehand in line with the legal requirements that apply to all landlords. This will include a formal notice setting out the estimated costs. Leaseholders have a 30 day period in which to make written observations on the works or the costs.

For larger scale works the council will hold meetings with residents, and keep you informed of progress, often through scheme newsletters.

### Defects period

Once the works are completed there is normally a 'defects liability period' in which the contractor can be brought back to remedy any faults at no extra cost. This is the time to alert the council to any faults you are aware of - once this period is over, costs will be incurred to put right any defects.

### Major works bills

Major works are not included in the interim charge you pay. Neither does the council manage a sinking or reserve fund to collect money in advance. Major works are normally billed at the end of the September following completion of the works. If you are liable to pay a service charge towards the works, the amount will be included in your annual Certificate of Expenditure.

However, if you are due a credit refund on your interim payments and would like the council to hold this money against any future costs – please contact our Central Collection Team on (01273) 291365.

### Paying for major works

Due to the time between you first becoming aware of the costs you have to contribute to and when the works are actually billed, you should use this time to make the necessary provisions to make payment when you receive the invoice. When the demand is made, payment will be due within 28 days.

Loan repayment interest rates in this leaflet are subject to change

**Payment options**

If you have difficulty with payment and want to discuss an arrangement to pay or taking out a council loan, contact the Central Collection Team on 01273 291365 or e-mail CCT@brighton-hove.gov.uk.

Independent money advice is available from certain agencies such as Money Advice and Community Support (01273 664000) or Citizens Advice Bureau (0845 120 3710).

**From bodies other than the council:**

- if you have a mortgage - your mortgage company may add the amount to your existing mortgage
- you may be able to get a loan from a private lending institution such as a bank or building society
- if you are a leaseholder and are over pension age you may be entitled to help with your service charge - Pension Credit can help with interest on certain loans for repairs or for service charge. To claim Pension Credit phone 0800 99 1234, or speak to the Pension Centre on 0845 6060 265 or [www.gov.uk](http://www.gov.uk)
- The Pension Service offer a home visiting service to the most vulnerable customers within our communities (those unable to engage with DWP by any other method). To arrange you can either use the contact numbers above or phone the Benefit Enquiry Line 0800 8822 00 if you are seeking to claim PIP, Attendance Allowance or Carers Allowance
- if you are of working age, depending on your circumstances, you may be entitled to help with your service charge – Jobcentre Plus can help with claims or enquiries on Information & Services: 0800 055 6688 or [www.gov.uk](http://www.gov.uk)

**From the council:**

- you can discuss spreading the payment with the council's collection team
- you can discuss with the council's collection team taking out a council loan to spread the cost for up to ten years (see below for further information)
- if you are of pensionable age – an interest-only loan from the council may help

**For resident leaseholders only:**

For works costing £5,000 or more, and where you are unable to take up any of the other options:

- we may be able to agree an equity loan with you (where there is no interest involved, but the council would receive an agreed share of the selling price on a future transfer)
- we may be able to agree a maturity loan (where the loan amount and interest are repaid on a future transfer of the flat)
- we may be able to agree a long-term loan at interest up to 25 years

**Voluntary legal charge:**

- In cases of extreme hardship, for resident leaseholders only, the council may consider placing a voluntary legal charge on the property (which could offset payment and interest until the property is transferred)

**Discretionary Reduction of Charges**

The Social Landlords Discretionary Reduction of Service Charges Directions give the council the discretion to reduce service charge in respect of works of repair, maintenance or improvement in cases of extreme hardship.

Loan repayment interest rates in this leaflet are subject to change

If a leaseholder makes an application under this discretion, the council will consider the case on its merits, taking into account whether the dwelling is the leaseholder's only home, their financial resources, their ability to pay over a longer period of time, the impact on the value of their home and other matters.

A formal report in each case with supporting documentation goes to the Head of Service for a decision in consultation with the Chair of the Housing Committee.

Applications for the council to exercise this discretion should be made to the Leasehold Team (the contact details are on the back page).

### **Council loans**

Council loans have a variable interest rate. The current rate is 4.83%. This is reviewed every six months. The council will give you a month's notice if there is to be a change in the rate.

If you have a mortgage we strongly recommend you talk to your lender before you apply for a council loan. This is because their terms may be better than those the council can offer.

With a council loan, we will register your flat with the Land Registry as security on the amount you borrow. There is a £50 fee for this registration and an £80 administration charge for setting up the loan. These fees will be added to the amount of the loan.

The table below shows indicative monthly repayments on a 10-year council loan at the current rate of interest:

<b>Amount</b>	<b>Monthly repayments: 10 years</b>	<b>Monthly repayments: 10 years (interest only)</b>
£2,500	£27	£10
£5,000	£54	£20
£10,000	£107	£40
£20,000	£214	£81
£30,000	£321	£120

### **Paying the Service Charge**

So long as the costs incurred on the works are reasonable and the works are of a reasonable standard, service charge is payable. It is important you pay the service charge by the due date, or come to an arrangement to pay by one of the options for assistance set out above.

Any service charge debt where this does not happen will lead to legal proceedings being issued, in which case your home is put at risk.

### **Disputes**

The council has a 3-stage Leaseholders Disputes Procedure for service charge disputes. We will not chase payment for service charge if you have written to us and we have put the matter in dispute.

A leaflet explaining the disputes procedure can be sent on request from the Leasehold Team (01273) 293074.

Loan repayment interest rates in this leaflet are subject to change

### Inspection of accounts

Once the works are complete, a Certificate of Expenditure is issued to you the following September which shows the actual cost of the work along with your share. We also send you a breakdown of the costs and an invoice to pay within 28 days.

At this stage the council will provide you with copies of the accounts, receipts and other documentation that support the service charge or offer facilities to inspect them on request to the Leasehold Team.

### First-tier tribunal (Property Chamber)

The council has a good record of resolving service charge disputes internally. However, leaseholders have the right to seek a determination from the First-tier tribunal. This body has taken over the functions of the Leasehold Valuation Tribunal.

There is an application fee, but the tribunal acts as a judicial arbitrator to decide whether service charges are reasonable and how much is payable. Leaseholders in the same building, or affected by the same costs, can bring a case jointly if they wish.

Tribunal proceedings are less formal than a court, the panel being made up of a chair who may be a lawyer or surveyor and normally two other members. Statements and evidence such as surveyors reports are requested in advance of the hearing which will hear evidence from both sides, asking questions along the way.

### Useful contacts

Brighton & Hove City Council Central Collection Team Bartholomew House Brighton BN1 1JE (01273) 291365 cct@brighton-hove.gov.uk	Brighton & Hove City Council Leasehold Team Housing Centre, Eastergate Road Brighton BN2 4QL (01273) 293074 rtleasehold@brighton-hove.gov.uk
Money Advice and Community Support 24 Old Steine Brighton BN1 1EL (01273) 664000 info@macss.org.uk	The Pension Service PO Box 19013 Motherwell ML1 3YY 0845 606 0265 www.gov.uk
Citizens Advice Bureau Hove Town Hall 1 Tisbury Road, Hove BN3 4AH 0845 120 3710 www.brightonhovecab.org.uk	Leasehold Advisory Service (LEASE) Fleetbank House, 2-6 Salisbury Square, London, EC4Y 8JX 020 7383 9800 info@lease-advice.org www.lease-advice.org
Tribunal Regional Office 1 <sup>st</sup> Floor, 1 Market Avenue Chichester PO19 1JU (01243) 779394 southern.rap@communities.gsi.gov.uk	The Leaseholders Action Group works to represent council leaseholders in the city. Chair: David Croydon - lag@clarend.com Tel: 01273 605225 Resident Involvement Officer: Keely McDonald - keely.mcdonald@brighton-hove.gov.uk

Loan repayment interest rates in this leaflet are subject to change





**Housing**  
Housing Centre  
Unit 1, Fairway Trading Estate  
Eastergate Road  
Brighton BN2 4QL

██████████  
██████████  
██████████  
██████████

Date: 15 February 2018

Ref: Mears

Telephone: 01273 293427

Email: [PanelEnquiries@brighton-hove.gov.uk](mailto:PanelEnquiries@brighton-hove.gov.uk)

Dear ██████████

**Section 20 Landlord & Tenant Act 1985 (2003 Service Charge Regulations)  
Notice of Intention to carry out works under a Long Term Agreement -  
Schedule 3**

**Gutter & Chimney Repairs  
BROAD GREEN (E) - 22-28**

We would like to consult you on our proposal to carry out works at the building. No works will be ordered until the consultation period is over. Please note that this is not a bill or a demand for payment.

As you may be aware, the council has the responsibility under the lease to keep the structure and the exterior of the property in repair and to make good any defects affecting the structure. This responsibility also extends to any common parts.

The council has identified that the following works are now required to be carried out at the building:

- Scaffolding to be erected in order to carry out repairs to the guttering and chimney.

We consider it to be necessary to carry out these works because:

- There is a leak affecting flat No. 28.

We have sent you this notice to advise you of our intention to carry out these works and address the repairs and maintenance issues set out above under an existing long-term agreement with Mears PLC.

- All leaseholders were fully consulted before the agreement was let in compliance with Section 20 of the Landlord & Tenant Act 1985.
- Competitive tendering is not required in that the contractor is already in place. Consequently leaseholders can not be invited to nominate a contractor.

**Estimated cost of the works**

We estimate the total amount of expenditure likely to be incurred on and in connection with the proposed works at your block to be: **£2,732**.

Based on this amount, it is estimated that your share of the costs, calculated in line with your lease will be **£683**. Please note that these figures are estimates and the actual costs could be higher or lower.

You are invited to make written observations in relation to the proposed works or the costs by sending them to:

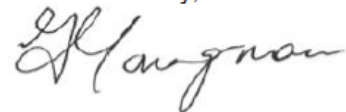
Pauline Wybrow  
Property and Investment Team  
Brighton and Hove Council  
Housing Centre  
Unit 1, Fairway Trading Estate  
Brighton BN2 4QL

Written observations must be received within 30 days from the date of this notice. The consultation will end on 19 March 2018.

If you do wish to make any written observations we will have regard to your observations, and will send you our written response within 21 days of the date we receive your observations.

If you would like to talk to someone about this consultation please phone as set out at the top of this letter.

Yours sincerely,



Theresa Youngman  
Housing Programme Manager

Letter F1 – Works under a long term agreement

## Appendix 5

### LAG AIMS for 2017

**This paper describes the objectives and means for achieving major change in the relationship between leaseholders and the Housing Department of BHCC.**

### CONSULTATION AND COMMUNICATION ON MAJOR WORKS

**Aim: To achieve a model of individual consultation, by letter with each leaseholder or through meetings as appropriate, that treats leaseholders as clients and collaborators, and that includes:**

- dates of surveyors' visits, their reports, their recommendations
- works agreed by BHCC arising out of surveyor recommendations and reasons for them
- Council tendering policy and brief details of company tenders submitted, eg. company names and costings
- an agreed time period in which leaseholders can take advice and respond to the consultation
- Section 20 notices and dates of commencement of works to be distributed as soon as possible once agreement has been reached.
- to be advised in advance of the companies to be employed in major works, and any parent companies
- to be advised of any comparison benchmarking undertaken with other Councils.
- to be advised of relevant Clerk of Works reports or final signing-off paperwork on completion of a major work
- on completion of work, consultation to be undertaken with regard to completeness and quality within an agreed time period
- the above model to include BHCC tenants

### QUALITY ASSURANCE FOR MAJOR WORKS AND RESPONSIVE REPAIRS

**Aim: To agree a process that would ensure an acceptable quality of work, that includes :**

- a manager to be directly responsible for visiting and advising on any reported instances of damage to property by workmen, or inappropriate behaviour, and with enough autonomy to resolve the issue quickly
- to be advised in advance of the duration of any erected scaffolding
- an annual report of repairs incurred on their block to be sent out to all leaseholders with the Certificate of Expenditure
- a reporting system by Mears that can do more than list the initial reported description of a job (which is often incorrect because the actual problem has not been looked at at this point)

### MEARS CONTRACT REVIEW

**Aim: To be informed and involved in the process of review meetings, with dates and timescales, areas of review, management personnel involved, expectations of review outcomes, any stats produced as part of the review, & information on new contract.**

### GENERAL COMMENTS

Obviously, there are Data Protection requirements which the Council must observe, but, outside of these requirements, there is an expectation that information will be shared in the interests of creating an atmosphere of trust between leaseholders and the Council; of defining best practice and thereby improving management processes; and of achieving leaseholder satisfaction and thereby decreasing the amount of Council time that must be spent on managing dissatisfaction.

The final agreed aims, as set out in bold type on this document will be addressed at every LAG meeting held with the Council, and will appear on every set of minutes, meeting agendas, or other such LAG documentation.

September 2017

## Appendix 6

### Leaseholders Working Group 2 March 2018

Larissa Reed (LR) introduced the meeting as this follows from the last Leaseholders Action group (LAG) AGM to look at engagement. Agreed to get into groups to discuss what successful engagement looks like for leaseholders and councillors. Will then take to wider LAG as well as committee.

#### Group 1

Agreed that need to look at attendance by leaseholders to meetings as some don't attend or have internet access. Maybe useful to have a letter to send round or a newsletter, as well as providing a report with costs and options.

Councillors agreed to an additional post for a dedicated leaseholder post at council. This post came from the leaseholder meeting that requested a dedicated contact from the HRA budget. Agreed to share job description of the new post. Suggestion of making the new post less office based but more communicating with leaseholders and resolving issues, as well as an outreach post to troubleshoot problems.

Communication is key and some leaseholders had issues related to confidence in the council's works programme.

Leaseholders aware of the requirements related to S20 consultation but would like to be made aware of the forward plan to give them an idea about current works which are coming up. Will ask Property team to look at this. Issues related to Mears contract when it comes to an end as leaseholders would like to be involved.

Asset management provide reports which are robust and show what needs to be carried out urgently as well as what is of lower priority.

Leaseholders would like more maintenance to then stop major works becoming a necessity.

Policy on graffiti discussed. This is usually prioritised – agreed that would be good to know procedures as to why the council doesn't respond straight away. Also an issue is responsive repairs.

#### Group 2

Leaseholders do not want to get Section 20 Notices out of the blue.

The council needs to be as open as possible as soon as proposals are known.

The council's communications would be improved greatly if individual letters to leaseholders were sent rather than rely on sparse turnout at inconvenient meetings.

The council's primary contact must be with individual leaseholders and not with LAG, although LAG, as a tenure-based group is key to BHCC's Resident Involvement

work – indeed some leaseholders have specifically asked that the council do not involve LAG or any other person or group in their primary dealings with the council.

There has to be plenty of scope to improve the 3-year forward plan of works so that leaseholders can be better aware of future costs & pre-sales enquiries can be dealt with more meaningfully – this means that the plan is building based (with budget costs) rather than estate or area based as it is now.

Having people on the ground to look after the buildings when they need looking after.

When billed for major works, leaseholders want to be confident that the works were necessary, the costs are reasonable & that the work hasn't become necessary through the council's neglect.

Improving the general condition of the estates would go some way to raising confidence among leaseholders.

The LAG Aims document, as written & produced by Jane Thorp is an excellent document that gives BHCC the heads up on what it needs to do to improve its engagement – BHCC can sign up to 95% of this document & positively welcomes it.

When leaseholders phone Housing they can get treated differently to tenants, with comments such as, 'Oh, you're a leaseholder!' The set-up seems adversarial & could be improved by staff having the capacity to explain things better, more fully & not defensively.

Leasehold Liaison Officer could be helpful but it needs teeth – also needs to be an outreach role, a trouble-shooter able to spend time with leaseholders & not office based & someone who has the gravitas to get things done, or liaise resolutions, sometimes quickly, an empathetic person, a people person, not a surveyor.

Complaints about works never seem to be fed back with outcomes – there should be a snagging log.

The timing of maintenance should be a 2-way conversation – however, the situation is more complex than this because there are likely to be as many different views as there are tenants and leaseholders in a building.

There should be a bridging of divided between leaseholders and tenants.

#### **Next Steps**

- Report to go to Neighbourhoods, Communities and Housing in June and to take to the LAG a report
- Satisfaction survey of all leaseholders tied in with next STAR survey of tenants
- Some issues related to FOI requests as sometimes the format is not always in the way the requestor would like
- Council does own the issues



<b>Subject:</b>	<b>Procurement of Housing Services Fire Alarm System Servicing, Maintenance, Design and Installation</b>		
<b>Date of Meeting:</b>	<b>13 June 2018</b>		
<b>Report of:</b>	<b>Executive Director Neighbourhoods, Communities &amp; Housing</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Miles Davidson</b>	<b>Tel: 01273 293150</b>
	<b>Email:</b>	<b>Miles.davidson@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

## **FOR GENERAL RELEASE**

### **1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 Authorisation is sought from Housing and New Homes Committee regarding the recommendations in section 2 for the approval of a contract for fire alarm servicing, maintenance, design and installation across the Council's social housing properties to ensure the safety of the tenants and leaseholders in relation to fire safety.

### **2. RECOMMENDATIONS:**

That the Committee:

- 2.1 Grants delegated authority to the Executive Director for Neighbourhoods, Communities and Housing to take all steps necessary to:
- (i) Procure and award a contract for the fire alarm servicing, maintenance, design and installation across Council housing properties for a term of three years;
  - (ii) Approve an extension(s) to the contract referred to in 2.1(i) above for a period of up to two years following the initial three year term, subject to satisfactory performance by the provider.

### **3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 As a Landlord, the Council has a legal responsibility under the Regulatory Reform (Fire Safety) Order 2005 to take such general fire precautions as may be reasonably required to ensure that the premises are safe. It is an offence to fail to comply with that duty where the failure puts one or more relevant persons, such as tenants, leaseholders and employees at risk of death or serious injury in case of fire. Upon conviction for such an offence, an unlimited fine may be imposed.

- 3.2 The current contract, which commenced on 05 January 2015, with the incumbent contractor Allied Protection Ltd. ends on 4 January 2019, with an option to extend for a further 2+2 years. Although we are satisfied with the current contractor's performance for revenue maintenance works, the current contract does not cover capital works. This means capital projects have to be procured separately which restricts our ability to effectively plan a programme of works in an efficient manner. Whilst we could extend the existing contract and procure a long term agreement separately for capital works, re-procuring a contract for both revenue and capital works is likely to lead to a more streamlined contract management approach and greater value for money due to the specialist and localised nature of the work.
- 3.3 The new contractor will be required to service, maintain, design and install fire alarm equipment in accordance with British Standard 5839. As a landlord we currently have 170 fire alarm systems made up of 22 systems in sheltered blocks, with the remainder in general housing. The same levels of monitoring and reporting will be carried over to the new contract with a set of robust key performance indicators to monitor performance.
- 3.4 Relevant findings and recommendations, in relation to fire alarm systems, following the Grenfell tragedy enquiry will be monitored to ensure any relevant good practice or changes to regulations are reflected in future work in this area.
- 3.5 The average value of this contract is likely to be £240,000 per annum, totalling £1,200,000 across the five year contract. This contract therefore must be procured in accordance with the provisions of the Public Contracts Regulations 2015.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 Collaborative opportunities with Orbis Partners are not being considered at this time as no housing stock is owned by East Sussex County Council, or Surrey County Council.
- 4.2 The Council has considered whether it would be beneficial to package this work with the forthcoming arrangements for repairs, planned works and major capital works for which delivery options are currently being considered. Through work with the Council's procurement team it has been identified that fire alarm servicing, maintenance and installation would likely be delivered by a specialist contractor so any inclusion as a package within a building works contract or through direct delivery would likely necessitate a further sub-contractor appointment to deliver the works. As this is the case it is recommended that the Council procure this work as a stand alone package in line with other compliance focussed mechanical and electrical contracts.
- 4.3 Five frameworks have been identified as potentially suitable for call off by the Council and therefore a stand alone tender is deemed an unnecessary use of resource. Officers plan to procure the new contract under an existing framework and analysis of the most appropriate framework to call-off to ensure value for money is underway.



## **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 The proposed procurement of a new contract will be discussed at the Tenants Home Group meeting and relevant feedback will be incorporated into the procurement activity where appropriate.
- 5.2 We are working closely with external legal advisors on the appropriate leasehold consultation process. The current advice is that we will be following Schedule 2 of Section 20 (the consultation requirements), which relates to a qualifying long-term agreement where public notice is required and requires a two stage consultation process.

## **6. CONCLUSION**

- 6.1 It is recommended that the committee approve the recommendations set out in section 2 in order to comply with the Council's legal obligations as a Landlord and to ensure the safety of the tenants and leaseholders in regards to fire safety.
- 6.2 It is proposed that Corporate Procurement will support the contract management officer with this procurement to ensure that the Public Contracts Regulations 2015 are adhered to and a value for money contract is awarded.

## **7. FINANCIAL & OTHER IMPLICATIONS:**

### Financial Implications:

- 7.1 The average value of this contract is likely to be £0.240m per annum. The cost of this contract will be met from current HRA budget resources for 2018/19 and beyond.

*Finance Officer Consulted: Name Michael Bentley Date: 15/05/18*

### Legal Implications:

- 7.2 In accordance with Part 4 of the Council's constitution, Housing & New Homes Committee is the appropriate decision making body in respect of the recommendations set out in paragraph 2 above. In addition, in order to comply with Contract Standing Order ('CSO') 3.1, authority to enter into contracts in excess of £500,000 must be obtained from the relevant committee.
- 7.3 The estimated total value of the contract is £1.2 million and the procurement of the contract is therefore governed by the Public Contracts Regulations 2015 (PCR 2015). An appropriate framework agreement will be identified in accordance with CSO 7. The procurement of contracts through framework agreements must comply with all relevant public procurement legislation as well as the Council's CSOs. As the contract will have a value of over £250,000, it must be executed as a deed using the Common Seal of the council in accordance with CSO 14.7(i).

*Lawyer Consulted:*

*Name: Wendy McRae-Smith Date:14/5/18*

Equalities Implications:

- 7.4 An Equality Impact Assessment has not been carried out as it is anticipated that an award under an existing framework will take place. Under all the frameworks the supplier must comply with the Equality Act 2010 on the basis that the supplier is providing services and exercising public functions under that Act.

Sustainability Implications:

- 7.5 None

Any Other Significant Implications:

- 7.6 Provision, servicing and maintenance of fire alarm systems is a key function of our landlord duties in ensuring the safety of residents.

**SUPPORTING DOCUMENTATION**

**Appendices:**

.

None

<b>Subject:</b>	<b>Procurement of a new contract for parking enforcement on Housing land</b>		
<b>Date of Meeting:</b>	<b>13 June 2018</b>		
<b>Report of:</b>	<b>Larissa Reed, Executive Director Neighbourhoods, Community &amp; Housing</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Hilary Edgar</b>	<b>Tel: 01273 293250</b>
	<b>Email:</b>	<b>Hilary.edgar@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE**

**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 This report seeks approval and authorisation from the Housing & New Homes Committee regarding the recommendations in section 2 of this report to undertake competitive tendering for the provision of an off street parking enforcement service to cover car parks and garage sites on Housing land.
- 1.2 Parking enforcement is used within Housing to secure rented parking bays and garages for paying licensees and to deal with vehicles that are dangerously parked in managed parking areas.
- 1.3 The existing contract for parking enforcement on Housing land is due to expire on 30 November 2018.

**2. RECOMMENDATIONS**

- 2.1 That Housing & New Homes Committee:
- 2.2 Grants delegated authority to the Executive Director for Neighbourhoods Communities and Housing to take all steps necessary to:
  - (i) Procure and award a contract for off street parking enforcement to cover car parks and garage sites on Housing land for a term of four years;
  - (ii) Approve an extension to the contract referred to in (i) above for a period of up to 1 year following the initial four year term, subject to satisfactory performance by the provider.

### **3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The current contract for off street car parking enforcement on Housing land was awarded to Ethical Parking Management Limited and commenced on 1 December 2015 for a term of 2 years to 30 November 2017. This contract was extended for a period of 1 year from 1 December 2017 to 30 November 2018. Ethical Parking Management later changed their name to One Parking Solution Limited and it is this name that now appears on the signage relating to parking enforcement on Housing land.
- 3.2 The contract is considered a 'concessionary' contract. This means that there is no direct cost to the council for the services provided; the contractor is given permission to provide services through the award of the contract. The contractor's income, in this case, comes from the collection of all monies, fines and charges for unauthorised or illegal parking.
- 3.3 The Housing Customer Service team manages 69 car parks and 98 garage sites. Licensees pay for exclusive use of these facilities in return for a weekly charge. The exception to this is the 'light touch' parking scheme on the Ingram Crescent Estate which is based on the on street model, where licensees can park in any bay in a designated area rather than a specific one. Bays in these managed areas are laid out to the statutory measurements and clearly marked.
- 3.4 The Housing Revenue Account receives 13% of the charges or fines collected from the current contractor, every three months. It is proposed that if the Housing & New Homes Committee agrees to the re-procurement of the parking enforcement contract consideration is given to reviewing the terms of the existing contract to increase the percentage of income returned to the council. The council's Procurement team will support the retendering of this contract and advise on the revision of this term.
- 3.5 Parking enforcement is used to deal with cases of wrongful parking. For example; where someone who is not a licensee parks in a space; where a garage owner's access is restricted by someone parking in front of the garage or there is parking on unmarked areas in a managed compound eg on grass banks and verges.
- 3.6 There are 'unmanaged' parking areas on some Housing estates and these are generally in areas where there is less pressure on spaces and no on-street parking restrictions. There are no parking restrictions in these areas. Where demand for these spaces begins to increase, managed parking schemes can be introduced to ensure local residents have the option of securing dedicated parking spaces. Managed sites are also introduced where uncontrolled parking poses a risk to the access of emergency service vehicles, for example, in restricted areas.
- 3.7 In recent years as more controlled parking zones have been introduced across the city Housing has worked with the corporate parking service to dovetail the introduction of on street parking enforcement with enforcement on Housing land. This has prevented people who choose not to pay for on street parking from parking on Housing bays and making it more difficult for local residents to park there.

- 3.8 Under the current managed parking schemes residents are required to display a permit. This is used by the current enforcement contractor to identify vehicles that are wrongfully parked. The new contract will require prospective contractors to demonstrate their capability of moving to a 'permit-less' system that makes best use of available and developing technologies. This will lead to improved customer service and value for money by reducing the resources needed to provide and manage permits.
- 3.9 A 'task and finish' group of residents and officers will be set up in July to review the visitor parking scheme and charges for car park and garages. A report on this work will come to this committee later in the year.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 No parking control. Continuation of a parking enforcement service on Housing land is considered necessary to secure parking for licensees in managed car park and garage sites. To let the contract lapse without replacement would mean there was no effective way to deal with wrongful parking, to provide access to spaces that licensees are paying for and access for emergency vehicles where uncontrolled parking makes this difficult. This in turn would encourage licensees to give up their spaces with consequential loss of income to the Housing Revenue Account.
- 4.2 Joining the corporate parking services contract which includes enforcement. The corporate contractor carries out enforcement on the public highway. The process of adding Housing land to this contract would involve consultation and the application and granting of Traffic Regulation Orders. There is significant time and costs attached to this option as there are statutory consultation processes and the type of contract used means the contractor is paid to carry out enforcement. There is also a difference between the hours of operation between the two contracts; the corporate contract specifies core times for the contractor to work while the Housing contract will specify 24 hour operation. A separate contract designed to meet the needs of Housing's licensees and service model is considered to offer better value for money and customer service as there would be no benefit either financially or for the customer in joining the corporate parking services contract.

#### **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 A summary of this report was presented to the four Area Housing Panels during May 2018. Feedback from these meetings is set out below:
- 5.2 Residents from the West Area Housing Panel were concerned that any change to a 'paperless' permit scheme would be detrimental to those residents who have caring arrangements in place where more than one car is linked to one parking bay.
- 5.3 Response: Any change to the current permit scheme would include the facility to register more than one user to a particular bay.

- 5.4 Residents from the North Area Housing Panel were concerned about misuse of visitors parking permits.
- 5.5 Response: This will be considered during the review of this scheme, as discussed in 3.9 above.
- 5.6 Residents from the East Area Housing Panel were concerned that any increase in the percentage of income that the council received from the provider would lead to an increase in the cost of the provider's charges.
- 5.7 Response: The current contract for parking enforcement sets out the maximum fine the contractor can charge and specifies that any increase in charges or fines must be agreed with the council.

## 6. CONCLUSION

- 6.1 A new off street parking enforcement contract for Housing land will allow the service to continue to secure car parking bays and garages for paying licensees. A parking service that can provide guaranteed parking spaces and an effective deterrent is more attractive to prospective licensees and will encourage take up of these assets. This will generate income to the Housing revenue account through increased rental of bays and income from the enforcement contract.
- 6.2 By seeking a contractor who is committed to developing their service through new technology and paperless systems there will be further benefits through the elimination of costs associated with the current permit system and better customer service to licensees who will no longer need to ensure the display of permits in their vehicles.

## 7. FINANCIAL & OTHER IMPLICATIONS

### Financial Implications

- 7.1 The annual income to the current contractor from this contract is estimated at £47,000. The Housing Revenue Account currently receives 13% of the charges or fines collected in a quarterly payment.
- 7.2 To ensure value for money is obtained for the HRA, the procurement process will also consider whether a higher percentage of income is achievable for the HRA whilst ensuring that the fines are not prohibitive.

*Finance Officer Consulted: Name Monica Brooks*

*Date: 04/06/18*

### Legal Implications

- 7.3 The value of the concession contract outlined in this report must comply with the council's Contract Standing Orders and, where applicable, EU and UK public procurement obligations.

- 7.4 The general power of management, regulation and control given to local housing authorities in section 21 (1) of the Housing Act 1985 is sufficiently wide to allow the Council to enforce parking restrictions on its housing land in the manner proposed in this report.

*Lawyer Consulted:*

*Name Liz Woodley*

*Date: 15/05/18*

#### Equalities Implications

- 7.5 Parking enforcement provides a way of securing the parking spaces of licensees some of whom rent bays for health, mobility and caring responsibilities. Without a means to enforce parking, these spaces would be at risk of being used by people without permission, with licensees then having to park further from their homes.
- 7.6 Parking enforcement can be used to deter parking on grass verges and other green areas in managed parking sites. This prevents grass being destroyed by cars being driven over it and maintains the integrity of green and planted areas.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

None

### **Documents in Members' Rooms**

1. Specification for current parking enforcement contract.

### **Background Documents**

1. Specification for current parking enforcement contract.





<b>Subject:</b>	<b>Update Housing Management IT System Procurement</b>		
<b>Date of Meeting:</b>	<b>13 June 2018</b>		
<b>Report of:</b>	<b>Executive Director Neighbourhoods, Communities &amp; Housing</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Ododo Dafe</b>	<b>Tel: 01273 293201</b>
	<b>Email:</b>	<b>Ododo.dafe@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 This report updates Housing & New Homes Committee on progress made on the report it received on 14 June 2017 recommending that the Executive Director Neighbourhoods, Communities & Housing be granted delegated authority to test the market and procure a new housing management IT system for council housing services.
- 1.2 Procurement of a new system will lead to long term operational efficiencies, will help ensure that resident services are provided as effectively as possible, and will improve the customer experience - making a significant contribution to service delivery that is fit for the future.

**2. RECOMMENDATIONS:**

- 2.1 That Housing & New Homes Committee note the contents of this report.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The Council's primary housing management IT system, Northgate Open Housing Management System (OHMS) is now over 20 years old. The current contract has been extended to June 2020 in order to enable the procurement process to take place and allow for a reasonable implementation period following from contract award.
- 3.2 The budget agreed for the replacement system is £1.2m which includes the cost of a project team that will be put in place for approximately 18 months. The system will include an integral customer relationship management layer.
- 3.3 Housing, Procurement, Legal, Information Technology & Digital (IT&D), and Digital First colleagues have worked closely to develop a detailed Housing and IT specification. This has involved teams across the Housing service, and the process has benefitted from hearing from tenants and leaseholders on the

Business & Value for Money Service Improvement Group about what they would like to see from a customer portal.

- 3.4 A project board, chaired by the Executive Director Neighbourhoods, Communities & Housing has been set up to provide oversight and governance for this procurement, and a project manager has recently been appointed, and will be in post during June. In addition, the officer comprised procurement panel which will evaluate submitted bids has been established.
- 3.5 A workshop for Housing & New Homes Committee members was held on 23 April 2018 to look at what councillors would want with regard to IT systems and to discuss progress with the procurement.
- 3.6 Research was undertaken to determine which procurement route to follow with the decision to follow an OJEU (Official Journal of the European Union) open tender procurement. A framework approach was considered but a specific framework suitable to this type of system procurement ends in August 2018 with a new Crown Commercial Services framework not due to be in place until January 2019. The tender is due to be published in June. The contract term is five years, with an option to extend for a further two years.
- 3.7 The bidders who meet the specification based on the evaluation of all criteria will be invited to visit during July/August 2018. The assessment process will involve:
  - a bidder presentation
  - testing of the customer portal by some tenants and leaseholders to ensure that it provides the functionality and transactions that would be of most value to residents accessing online information and services
  - testing of a variety of user journeys to determine how well the system matches the Council's requirements
  - site visits to some housing organisations providing references, to see how the systems work in a live environment.
- 3.8 The contract is expected to start in October 2018 with an 18 month implementation period.
- 3.9 The system is due to go live in April 2020, and this will coincide with the new repairs and maintenance partnership - enabling a smoother set up and transition between repairs systems.

#### **4. ANALYSIS & CONSIDERATION OF ANY OPTIONS**

- 4.1 Options were presented to Committee in the July 2017 report, and this report updates on the decision made to procure a new housing management IT system for Housing.

## 5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Resident feedback has informed the chosen option to procure a new housing management system; and as mentioned in paragraph 3.3 above, soundings from residents have informed the specification.
- 5.2 Residents will be invited to test shortlisted bidders' customer online portal sections to evaluate that it provides the functionality and transactions that will be of most value to residents using online services. A welcome suggestion was made at Area Panel about asking a tenant with sight problems to participate in this exercise.

## 6. CONCLUSION

- 6.1 The project manager will provide this committee with a briefing once the contract has been awarded as part of the Council's communication plan for this procurement.

## 7. FINANCIAL & OTHER IMPLICATIONS:

### 7.1 Financial Implications:

A budget of £1.200m was approved by Policy, Resources & Growth Committee on 13 July 2017. This expenditure is funded from HRA reserves.

*Finance Officer Consulted: Monica Brooks*

*Date: 014/06/18*

### 7.2 Legal Implications:

There are no significant legal implications arising from this report which is to note.

*Lawyer Consulted: Liz Woodley*

*Date: 04/06/18*

### 7.3 Equalities Implications:

None arising directly from this report. Equalities considerations have informed the specification for the new system, to meet equalities requirements for staff and customer users alike.

### 7.4 Sustainability Implications:

None arising directly from this report.

### 7.5 Any Other Significant Implications:

None arising directly from this report.

7.6 Public Health Implications:

None arising directly from this report.

7.7 Crime & Disorder Implications:

None arising directly from this report.

7.8 Risk and Opportunity Management Implications:

None arising directly from this report.

7.9 Corporate / Citywide Implications:

None arising directly from this report.

**SUPPORTING DOCUMENTATION**

**Appendices** **None**

**Documents in Members' Rooms** **None**

**Background Documents** **None**

<b>Subject:</b>	<b>Independent review of existing partnering contract for housing repairs, maintenance, planned and major works</b>		
<b>Date of Meeting:</b>	<b>13<sup>th</sup> June 2018</b>		
<b>Report of:</b>	<b>Executive Director for Neighbourhoods, Communities &amp; Housing</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Glyn Huelin Martin Reid</b>	<b>Tel: 01273 293306 01273 293321</b>
	<b>Email:</b>	<a href="mailto:Glyn.Huelin@brighton-hove.gov.uk">Glyn.Huelin@brighton-hove.gov.uk</a> <a href="mailto:Martin.Reid@brighton-hove.gov.uk">Martin.Reid@brighton-hove.gov.uk</a>	
<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 Brighton & Hove City Council entered into a Partnering Contract with Mears Limited in April 2010 to provide Repairs, Refurbishment and Housing Improvement for the Council's Housing Revenue Account stock across the city. The objectives of the Partnering Contract included an emphasis on meeting the government's Decent Homes standard, improving service delivery and generating savings for the council.
- 1.2 Over the life of the Partnering Contract to date achievements have included: 100% of the council's homes reaching the government's Decent Homes Standard; tenant satisfaction with the responsive repairs service has continued to improve; significant investment has been made in our homes through programmes of planned and major works; and, savings continue to be delivered for the council.
- 1.3 This report provides committee with details of the independent review of the council's partnering contract with Mears Ltd.
- 1.4 In 2015 work undertaken by the council identified that a sub-contractor used by Mears had been overcharging for work undertaken. A series of actions were undertaken by both Mears and the council to resolve this issue. These actions were reported to Housing & New Homes Committee in September 2016
- 1.5 As part of this the council undertook to commission a review of the partnership to identify further improvements that would benefit the partnership, residents and stakeholders. The review included consideration of the current working arrangements, reporting processes and interactions between Council and Mears staff and potential recommendations as to how the partnership can be improved and strengthened moving forward.

## **2. RECOMMENDATIONS:**

### **2.1 That Housing & New Homes Committee:**

- (i) Note the 31ten report on the council's partnering contract with Mears Limited attached in Appendix 1 to this report;
- (ii) Note that the parties have made progress on the action plan recommended in the 31ten report, as outlined in the body of this report;
- (iii) Agree that work on the action plan should continue in the interests of improving and strengthening the council's partnership with Mears Limited.

## **3. CONTEXT/ BACKGROUND INFORMATION**

### **3.1 Brighton & Hove City Council (Housing) operates a ten year partnering contract with Mears Limited under which the following services and works are provided for the council's housing stock:**

- Responsive repairs and empty properties maintenance
- Planned maintenance and improvement programmes
- Major capital works projects

### **3.2 The contract commenced in April 2010 and expires in March 2020. The budget for the contract in 2018/19 is £29.7 million. This is split between revenue works (£7 million), planned programmes (£10.5 million) and major capital works projects (£12.2 million).**

### **3.3 Since the commencement of the contract we have moved to a consistent position of 100% of council housing stock maintaining the Decent Homes Standard since the end of December 2013. The energy efficiency (SAP) rating of HRA dwellings is above target at 66.4. At Housing & New Homes Committee in March 2018 officers were able to report that tenant satisfaction with the responsive repairs service has continued to improve over the year. The 2016/17 result was 96.3% and the final figure for 2017/18 was 97.4%. The service will be looking to maintain this level of performance over the final two years of the contract. Officers were also able to report that the repairs service has improved the time taken to complete routine repairs, a key measure for residents, from 20 days in 2016/17 to 13 days in 2017/18. Our measures of success include to maintain repairs satisfaction at above 97% and to continue to operate within 15 day target for average time to complete routine repairs.**

### **3.4 The repairs & maintenance services continue to perform well financially. The 2018/19 HRA budget included a further a £400k reduction in repairs and maintenance costs, enabled through proactive investment in our homes.**

### **3.5 Responsive repairs, planned programme and empty property targets are set and continue to be closely monitored with Mears and Housing & New Homes Committee. The last report to committee in March 2018 indicated that 13 of 19 performance measures were on target, a further three indicators were near to target and three were off target. Weaker areas of performance had substantially improved since 2017/18 specifically around the time taken to complete routine repairs which was 10 days against a target of 15 days.**

- 3.6 The council's Annual Report, also being considered at June Housing & New Homes Committee, further outlines the difference we have made through the Housing Revenue Account's repairs and maintenance spend for 2017/18 of £9.675m. This included £4.592m on responsive repairs to complete 39,000 repairs to our homes and £1.808m on empty properties, carrying out major work to 256 homes to make them ready for new tenants. In addition, the council's investment programme for 2017/18 invested £23.306m in our homes, including £10.181m on planned maintenance programmes and £7.806m on major projects, including improvement work at 13 blocks in the city.
- 3.7 Housing & New Homes Committee received a report of the Acting Director Finance & Resources summarising the results of an internal audit review of overpayments identified by the council in respect of contracted housing repairs delivered via the Repairs & Improvement Partnership on 13 January 2016. The same report was also discussed at Audit & Standards Committee on 12 January 2016. A further report summarising actions taken by both the council and Mears was presented to Housing & New Homes Committee on 21 September 2016.
- 3.8 The report in September 2016 indicated that the council would commission an independent review of the partnership contract with Mears. Following appropriate procurement approvals 31ten Consulting were appointed to undertake the review. 31ten are a specialist consultancy with experience of carrying out similar contract reviews for other local authorities and housing providers.
- 3.9 Over 2017 31ten undertook field work, document reviews and interviews to inform the review. Details of the approach taken are included in section 1.7 of the attached report and include meetings with senior council officers and Mears managers as well as a range of staff working on the partnering contract. 31ten also facilitated a workshop with members of the Housing & New Homes Committee.
- 3.10 Key findings  
The report details the findings and insights of the review in section 2. The key findings identified in the report include:
- The contract has delivered a number of benefits but its full potential has not been realised.
  - The contract has delivered well against the initial goals of exceeding Decent Homes standards and saving money.
  - The contract has not performed as well on longer term capital works compared to the excellent deliver of the day to day repairs and maintenance service.
  - There have been a number of key failings which are identified at 2.9 in the report.
- 3.11 The detailed findings are split into themes within the report at 2.12 – 2.25. The themes identified are; strategic alignment, culture and behaviour, communications, contractual management, performance management and workforce.
- 3.12 The report also details insight received from the workshop with members at 2.26 – 2.29.

### 3.13 Recommendations

3.14 31ten have identified a series of recommendations to be considered by the council and Mears in order to enable the partnering contract to fulfil its potential. The report acknowledges the work undertaken by the council and Mears to deliver improvements over the last 18 months.

3.15 The recommendations are consolidated in an action plan included within the report as an appendix. The action plan sets out 11 key actions to deliver improvements. These are summarised below with a short update on progress with each action. The full action plan is at Appendix A within the report:

**a) Arrange and hold a series of "Honest Conversation" meetings**

The council and Mears now meet on a quarterly basis as a senior management team to develop the relationship and to pro-actively address any concerns or issues which develop. This approach is supported by a fortnightly meeting which operates with a defined action plan to resolve any issues and track progress of key items. To date this has been a successful approach. Over the following quarters the meetings will integrate the action plan identified by 31ten into their work to address the specific content identified under this action.

**b) Create and implement joint Communication Strategy and Plan**

The senior management meeting above has recently established a communications protocol for dealing with communication issues that relate to the work of the partnership. Positive work is being highlighted to stakeholders on an ad-hoc basis. The development of a communications plan is currently outstanding.

**c) Reset the Workforce Strategy and Approach within the Housing Department**

Housing Revenue Account budget agreed for 2018/19 includes funding for increased resources to strengthen the contract management function (client side) in relation to the repairs and maintenance contract. Personal development, performance and service plans are kept under regular monitoring and review through one to one meetings, personal development plans, team, management and all staff meetings. Learning and development requirements of individuals and the team as a whole have also been reviewed and are subject to regular monitoring.

**d) Strengthen the Council's ability to undertake the client role**

The Housing Revenue Account budget includes a range of resource measures to support the action above. These include proposals to provide an additional management resource within the Property & Investment Team. The council has also increased technical resource over recent years with the recruitment of an additional surveyor, quantity surveyor and capital programme manager to support the work of the team.

**e) Increase capacity and capability with specific regards to the Capital programme**



In addition to the increased resources detailed in (d) budgets for 2018/19 include additional project management support around programmes for fire safety and compliance management.

**f) Agree and implement revised and strengthened Contract Management arrangements**

A revised delivery plan will be considered by partnership senior managers over the coming months. Mears drafted service improvement plans setting out their approach for the remainder of the contract in 2017; however these will now need to be reviewed and updated ahead of implementation.

**g) Review contract Performance Management arrangements in light of the agreed approach for the remainder of the contract**

Performance management arrangements are reviewed on an annual basis and revised performance targets were agreed by the Core Group in May 2018. Additional performance measures have been recently introduced for quality assurance processes, Estate Development Budget works and the call centre.

**h) If appropriate, create and implement a modern forward looking Performance Management Framework for the Partnering Contract**

Further changes to the performance management framework need to be considered against the remaining term of the contract. Significant changes may not be achievable at this stage.

**i) Develop and implement a collaborative programme of Culture and Behavioural Change**

This will be taken forward through our regular fortnightly and quarterly senior management meetings with Mears.

**j) Design and complete a "funnelling process" to identify the most appropriate approach(es) for B&HCC's specific situation and highlight those that are incompatible**

The council has established an options programme for the future delivery of housing repairs and maintenance services. This has included engagement with members through Housing & New Homes Committee, Policy, Resources & Growth Committee and the Member Procurement Advisory Board with additional attendance by lead Housing & New Homes Committee members. The programme has recently included engagement of a consultant to develop an options report considering the approaches available for the council in delivering this work.

**k) Learn lessons from those that have recently participated in the letting of a contract for this type of services**

Alongside the options and market research work detailed in (j) above the programme team are undertaking a number of research visits to providers who deliver repairs and maintenance services in different ways. A summary of this work will be taken to a future Procurement Advisory Board and Housing & New Homes Committee in September.

3.16 Next steps

3.17 Learning will continue to be integrated into proposals for the future delivery of repairs and maintenance services.

3.18 The established senior managers meeting will continue with the additional focus of ensuring progress around the actions detailed in this report. This will be supported by the fortnightly meeting between senior council officers and Mears.

**4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

4.1 No alternative options considered for this item.

**5. COMMUNITY ENGAGEMENT & CONSULTATION**

5.1 The partnering contract with Mears is managed by a Core Group that includes officers from the council, Mears managers and residents. This report will be shared with the Core Group for consideration along with the agreed action plan.

**6. CONCLUSION**

6.1 Following the conclusion of the review in December 2017, this report summarises the progress against the actions identified that would support improvements to the contract in the final two years of delivery.

**7. FINANCIAL & OTHER IMPLICATIONS:**

Financial Implications:

7.1 The costs of the 31ten report were met from within the HRA revenue budget 2017/18. The HRA budget proposals for 2018/19 included funding for a further 5 full time equivalent posts in order to strengthen the client-side function and the health and safety and compliance management service.

*Finance Officer Consulted: Monica Brooks*

*Date: 29/05/18*

Legal Implications:

7.2 There are no direct legal implications arising from this report.

*Lawyer Consulted: Isabella Sidoli*

*Date: 29/05/18*

Equalities Implications:

7.3 None as part of this report.

Sustainability Implications:

7.4 None as part of this report.

Any Other Significant Implications:

7.5 None as part of this report.

**SUPPORTING DOCUMENTATION**

**Appendices:**

1. Review of Partnering Contract for Housing Repairs and Maintenance, December 2017

**Documents in Members' Rooms**

None

**Background Documents**

None





# **Brighton & Hove City Council Review of Partnering Contract for Housing Repairs and Maintenance**

**Report  
December 2017**

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## 1. Introduction and Background

### Background

- 1.1 Brighton & Hove City Council (Brighton, the Council) entered into a Partnering Contract with the Mears Group PLC (Mears, the Partner) in April 2010 to provide Repairs, Refurbishment and Housing Improvement for the Council's entire housing stock and covering the whole city. This innovative and forward-looking arrangement was created with two main objectives in mind: to exceed Decent Homes standard accommodation across the Council's portfolio of social and affordable housing and to do so in a cost effective and efficient manner.
- 1.2 The detailed objectives of the Partnering Contract were five-fold with a strong emphasis placed on exceeding Decent Homes standard, improving service delivery and generating savings for the Council:
- **Improved Value for Money:** reduce unit repair and planned maintenance costs and consultancy fees delivering significant financial savings;
  - **Improving residents' homes:** ensuring that residents' homes are well maintained and meet the Brighton & Hove Standard (exceeding the Decent Homes Standard);
  - **Improved service delivery:** providing excellent customer service, getting repairs 'right first time' and demonstrating high levels of customer satisfaction;
  - **Improved sustainability:** a service which has minimal impact on the environment, and improves the energy efficiency and sustainability of the housing stock; and
  - **Community regeneration and added value:** bringing additional benefits for local communities (e.g. apprenticeships & community initiatives) and supporting established local businesses.
- 1.3 It is widely acknowledged that the partnership worked very well in the early years and that an improved service was being provided, at a reduced cost and that Decent Homes standard was exceeded across the housing stock. However, issues were developing in the relationship between the two partners and that as a result, the partnership itself was not as effective or productive as it might have been. Ultimately this meant that delivery for residents and leaseholders was falling short of its potential.
- 1.4 The issues in the partnership, which were accompanied by a break down in trust between the partners, were amplified when it was discovered that a sub-contractor used by Mears had been overcharging for work undertaken. This overcharging had subsequently been passed onto the Council and its Housing Revenue Account.
- 1.5 An internal audit review undertaken by the Council identified that the total overcharged value was approximately £500k and that it had not been picked up because of insufficient control mechanisms operated by Mears. Following the report Mears sacked the sub-contractor, repaid the overcharge in full and agreed to tighten up its control procedures.

However, despite these actions the impact of the overcharging incident has been very negative for the Council, for Mears and for the partnership as a whole as trust and cooperation between the partners has further reduced. Both partners have taken action to alleviate the situation and some concerns have been addressed. However, tensions remain and the partnership is seemingly far from being effective. In response the Council commissioned 31ten Consulting to undertake review of the Partnering Contract to consider the current working arrangements, reporting processes and interactions between Council and Mears staff and make recommendations as to how the partnership can be improved and strengthened moving forward.

### Objectives of the Review

1.6 The objectives of the review were to:

- Analyse the current performance of the Partnering Contract;
- Make recommendations for improved performance across the remaining life of the Mears' contract (to April 2020) including the way in which the Council manage the contract;
- Make recommendations for the Council to take forward for consideration for inclusion in the new contract;
- Provide insight of alternative approaches other local authorities are taking for the delivery of these services; and
- Provide an indicative timeframe and task plan for the period until the contract for these services is re-procured (April 2020).

### Approach

1.7 The approach taken during the review is set out below and consisted of the following steps:

- An inception meeting was held with the Council's Head of Housing and lead officer for this review. At this meeting a brief history of the Partnering Contract was provided together with a list of Council Members and officers, and Mears staff members with whom the project team should meet;
- A meeting was held between 31ten Consultants and Senior Officers from the Council, the Chief Executive, the Executive Director Neighbourhoods, Communities and Housing, the Executive Director of Economy, Environment & Culture and the Head of Housing. At this meeting the Council officers shared the history and views of the Partnering Contract and the scope of the review was widened to include commentary on different approaches other Local Authorities are currently employing for the delivery of these services;
- A desktop Review of key information relevant to the review. This included the original contract, audit reports pertaining to the overcharging incident, risk logs, performance management strategy, the performance tracker and the asset management strategy;



- Many stakeholders were interviewed as part of the review process. Interviewees included members of staff from both the Council and Mears who are directly involved in delivering the partnership on a managing the day-to-day basis and senior management from both organisations. A workshop was also held with members of the Housing and New Homes Committee. This is a cross party committee consisting of members from the ruling Labour Party, the Conservative Party who formed the administration when the Partnering Contract was let and the Green Party who have also formed the administration during the life of the contract;
- Several meetings were held during the process with the Head of Housing to share emerging findings. Meetings were also held with Senior Officers to feedback findings at the conclusion of the fieldwork; and
- This report draws together the findings of the review and includes recommendations to improve the performance over the remaining years of the Partnering Contract. It also gives insight and makes recommendations to the Council with regard to the shape and type of contract that might replace the existing contract once it concludes.

### Presentation of findings

1.8 The findings from the review are based on the document review process and the views and opinions shared with the consultants during a wide range of interviews with relevant Members and officers from the Council and staff from Mears. Whilst there was consensus on many matters the views shared were not always consistent with each other. Where this was the case the consultants have applied their experience and expertise to interpret and represent the views in an appropriately balanced manner. The consultancy team have also used their professional experience to challenge these areas throughout the review and develop the findings in this document.

1.9 As was agreed with the interviewees, views shared during the meetings remain non-attributable to individuals. This is also the case where quotes are included in the report to emphasise the findings throughout.

### Partnership

1.10 A partnership in this context is defined as an arrangement between two organisations that work together in the pursuit of common or mutually beneficial goals and objectives. A partnership is often wrongly thought of as any situation when two organisations consult with each other or loosely worked together or simply where one buys something from the other. True partnerships are characterised by some or all the following:

- Each party has a personal stake of some type invested into the partnership;
- There are common goals across the partners;
- Partners have a similar ethos or system of beliefs;
- The partnership works together for a significant length of time;

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- Each party is aware of and understands what it is expected to bring to the partnership; whilst also understanding the value of what its partner will contribute; and
  - Respect and trust exists between the partners.

1.11 Partnerships succeed as a delivery approach because of the inherent sharing of responsibility and risk between the partners, because of the different perceptions it encompasses and the access it provides to a broader and more in-depth set of skills, knowledge, experience and general resource. Access to a wider variety of ideas and the sharing of financial costs also means that an organisation can take on and tackle issues they might previously have avoided. A successful partnership:

- Will share creativity, risk, responsibility and resources;
- Provide a working environment in which partners can utilise their partner's energy and enthusiasm;
- Will highlight different issues and problems but have a broad range of solutions to address them;
- Provide potential for more efficient and more effective service delivery; and
- Offer support and diversity between partners.

1.12 However, if a partnership is to work successfully and add the value described, there is a need for close working between partners together with significant levels of planning, flexibility, energy and commitment by all the parties involved. There is also a need for a degree of tolerance between partners. Not everything is going to go right the entire time, it never does. However, where issues do arise partnerships will falter unless the mechanisms, means and ambition exist to identify and address these issues. Failure to do so will see the partners reverting to the pre-partnership norms of working alone and only in pursuit of their own goals. Other key aspects that make a partnership work include:

- Clarity of information – each partner needs to understand what the other is doing or planning to do;
- Consultation – talking to each other is not only key to the success of the partnership but also to averting misunderstandings, blame and ultimately partnership breakdowns when things do go awry;
- Joint decision making – successful partners will seek each other's views, enjoy healthy challenge and debate and once agreement is found provide and support a unified message for the partnership as a whole; and
- Acting together – similarly once a message or course of action is agreed, each partner must act in the interest and in support of the partnership. Not to do so will confuse, disappoint and ultimately undermine the partnership.

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- 1.13 It is important to understand that not all partnerships last forever and indeed most do not. Once the mutually benefits are delivered or are no longer achievable within the current framework, successful partnerships will either evolve to continue to deliver together with a new focus and renewed ambition or end, hopefully amicably, with both partners walking away with a degree of achievement, satisfaction and contentment. Walking away with regret or a sense of missed opportunity points to a partnership that lacked some or many of the characteristics identified above.

## 2. Findings and insights

- 2.1 From our engagement with staff from the Council and Mears, and the wider stakeholder group, a significant body of anecdotal evidence was gathered and assessed as part the review. It was evident from the early stages of the interview process many consistent themes were emerging. Whilst these were refined as part of the interview process, the substantive nature of them altered very little and as such the findings have been collated and grouped into the key themes to help articulate the key insights and issues.
- 2.2 Whilst the individual findings have been reported under the different themes, many share characteristics or are interdependent and therefore it is important that they are not considered in isolation.

### Summary of findings

- 2.3 In summary there was a general consensus amongst those interviewed that whilst the Partnering Contract had delivered many benefits, its full potential had not been realised. The overriding perception or focus of attention, at least publicly and politically, has been on the latter rather than the noteworthy successes.
- 2.4 The contract was initially established with the twin main goals to exceed Decent Homes standards and to save the Council money. It was widely acknowledged amongst staff and Members that the partnership delivered, and delivered quickly against both objectives and that this was a “good contract”.
- 2.5 Council Members and officers agreed that the Partnering Contract has delivered substantial savings and significantly improved services compared to that which preceded it, and that in this context it was one of the Councils’ better performing contracts.

*“the Partnering Contract is so much better than what came before it”*

*“there are plenty of other contracts worse than this one.....it certainly isn’t one that I worry about”*

- 2.6 Unfortunately, many of those good news messages have been lost and the general narrative and hence overall opinion is now much less positive than it ought to be. Whilst a good deal of this is attributed to the overcharging incident many staff were keen to point out that the incident was regularly blamed for issues that existed before it occurred.

*“People got used to the savings and stopped seeing it as a significant achievement”*

*“the overcharging incident has been used to bash Mears and the Partnership approach over and over again”*

- 2.7 Reflecting the initial aims, the Partnering Contract was in essence a repairs and maintenance contract. It was not designed necessarily to oversee and govern a significant capital improvement programme, an element which has now taken much greater prominence within the overall contract than was ever expected. It is also widely accepted

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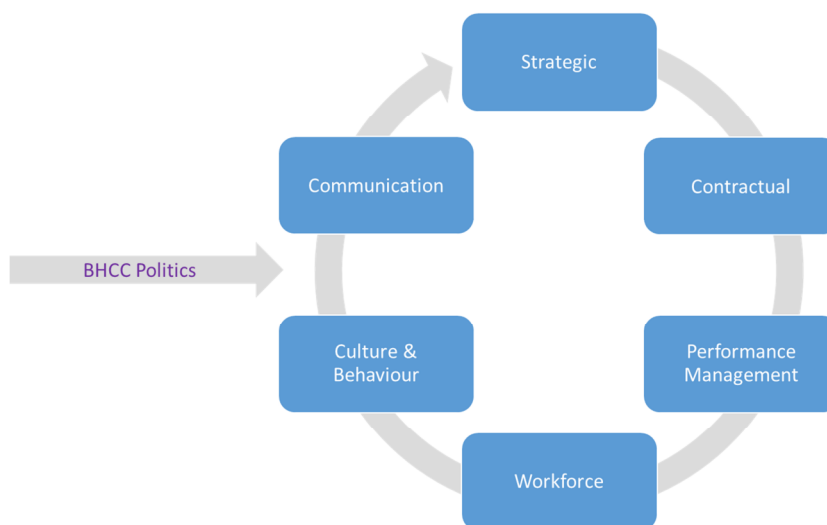
that the partnership's performance, with reference to the longer-term capital works, has been less impressive than that for day to day repairs and has begun to colour the excellent delivery of the general, day-to-day repairs and maintenance service. Officers and Members alike have highlighted that almost all queries and complaints they receive are related to actual or proposed capital works, and as such the question that was often raised during the review was whether more could have been done to "update" the contract to retain its relevance.

2.8 As alluded to above, despite the clear and early successes, the review has identified that, at this point in time, the partnership is widely perceived to have fallen short of fulfilling its potential for either partner. The reported reasons why are explored in some detail in the section below, but at a headline level it appears this is as a result of various key failings within and between the two parties.

2.9 Some of the identified issues are likely to be a direct result of others. However, because individual views were at times contradictory, we have not sought to identify causation or a timeline of their occurrence. It is the view of the Consultants that a combination of these that have ultimately led to a breakdown in trust between the two parties and the sub-optimal working relationship that, despite some recent improvements, continues to exist. The key failings are:

- A lack of willing on the Council's behalf to truly embrace the "spirit of partnership" and the partnership approach. This is best illustrated by the Council's reluctance to engage with and ultimately to reject a "Price per Property" payment arrangement, preferring instead to stick with a traditional schedule of rates;
- The Council's fear of being seen as "too close" to Mears, which has for example resulted in a disjointed and sub-optimal approach to communications and locked door restrictions in a colocation facility – in many ways a rejection of one of the critical success factors of a partnership approach;
- The regular loss of key Council staff in key management positions and particularly those that "believed" in the partnership approach;
- A reduction in overall and skilled resource dedicated by Mears to the delivery of the contract;
- Isolated but significant and well documented mistakes made by Mears, which have had a far reaching political and reputational impact;
- A breakdown in working relationships between the two parties at a day to day operational level that appeared to be unacknowledged and largely unmanaged for a period of time;
- Addressing performance management issues within the Council
- Addressing behaviours that are not conducive to positive working relationships.

## Themes



2.10 The findings are grouped into the key themes to help articulate and signpost insights and conclusions. The majority of issues were raised against a number of organisational and operational “conditions” (or environment) that were not in place for the partnership to reach its potential. These conditions are the component parts of an effective working relationship and the review findings highlighted areas of weakness and challenge that must be addressed to reach an improved position. The importance and interrelation of these are set out below:

- **Strategic Alignment** – to enable both parties to align all their resources behind a clearly articulated and coherent strategic ambition, a joint understanding and commitment to that strategic goal must be acknowledged by both parties and supported by the appropriate behaviours. If this is not achieved then fragmented and conflicting activity often arises which is detrimental to the operational, organisational and partnership effectiveness;
- **Culture and Behaviour** – the importance of a cultural fit between two parties cannot be overstated. To have agreed and commonly understood working practices and behaviours is core and fundamental to the success of any partnership. The correct or appropriate behaviours is the cultural “oil and glue” that brings to life the more prosaic components of a partnership such as processes, protocols and structures, and allows the organisational energy of both parties to be focussed on the joint partnership priorities;
- **Communications** – the internal and external partnership voice can be critical at three levels: strategically, operationally and tactically. Good quality communications are required to ensure this key partnership mechanism can manage the flow of information, deliver messaging via appropriate channels and allow engagement with customers and colleagues. It plays a vital part in the efficiency and effectiveness of a partnership as the precision and clarity of communications and subsequent activity will contribute to increased quality and a reduction in cost and overall performance improvement;

- **Contractual Management** – Contract management is not scrutiny nor policing but instead helps to establish a cooperative and challenging working environment to efficiently deliver contract objectives. As such it should reflect the nature of the contract and relationship between the parties, and be flexible to change. Effective contract management will ensure that both parties understand their roles, responsibilities and their obligations and that ultimately expected benefits are realised for both parties;
- **Performance Management** – a well-designed and delivered performance management framework will play an important role not only in measuring the performance of a team or an individual but also in driving the delivery of key goals and objectives. Good frameworks will utilise incentives and disincentives to improve performance. It will do so by using the data and information generated from the process to understand areas of strength and as a mechanism for identifying those areas of poorer performance and in which greater investment or a different approach might be required;
- **Workforce** – key to the successful delivery of any service are the skills and capabilities of the workforce, and the management of that workforce. Where there are gaps in the necessary technical or interpersonal skills or deficiencies in the attitudes or approach, successful delivery is so much harder. Equally important is the leadership and management of the workforce, which includes the ability to identify where those gaps or deficiencies exist and have the necessary skills and courage to address them.

2.11 Set out below are the more detailed findings within each theme.

### Strategic alignment

2.12 **Strategic Alignment** – to enable both parties to align all their resources behind a clearly articulated and coherent strategic ambition, a joint understanding and commitment to that strategic goal must be acknowledged by both parties and supported by the appropriate behaviours. If this is not achieved then fragmented and conflicting activity often arises which is detrimental to the operational, organisational and partnership effectiveness.

2.13 A successful strategic partnership would have delivered benefits **and** innovation to both parties over the period of the contract and in the long-term. The findings point to a lack of comprehensive alignment behind, and commitment to, a joint approach to delivering the strategic aims of the partnership by the Council and Mears. This manifested itself in following ways:

- Acknowledgement from staff of both organisations that the benefits of the Partnership were not fully realised. There was a belief that both parties were ultimately comfortable in defaulting to the traditional client /contractor roles. Staff also believed that the relationship has been more effective in delivering the operational rather than the strategic and innovative aspects of the contract. This

highlights a lack of commitment to real partnership working leading to uncoordinated activity resulting in benefits being realised on a more fragmented basis;

- Recognition from staff of both organisations that Mears strength has been in responsive repairs rather than strategic planning. There is little evidence of innovation in service delivery or IT (a traditional labour-intensive approach has been implemented with little or no incentive to innovate). Mears Senior Management recognise the lack of innovation but feel frustrated and blocked on a number of issues that did not gain traction with the Council (e.g. the IT upgrade, sending texts, tablets for Brighton inspectors, Repairs app, PPP);
- Mears highlighted the success of the first 5 years of the contract where innovation was delivered (e.g. 200 apprentices, white hawk estate, young offenders, dedicated response, eco-friendly home) however this momentum has not been maintained through a lack of willingness on both sides to reach a workable agreement.
- The lack of clear strategic alignment and the absence of a strategic or joined up approach to dealing with incidents has also had a detrimental impact on the operational alignment. As a result, roles and responsibilities have become blurred as each organisation or individuals within organisations strive to deliver for themselves. The lack of an agreed operational framework manifests itself in inefficient and less effective delivery.

2.14 Ultimately, the behaviours to support real alignment behind the strategic aims of the partnership have not generally been displayed. The issues were recognised by both parties but a reluctance to raising and addressing the real issues appears to have damaged the commitment and risk-taking that was needed to fulfil the partnership potential.

2.15 The Council, for its part, has not created the appropriate conditions to encourage Mears to engage and develop the relationship into a higher performing partnership. There needs to be a stronger more coherent strategic plan supported by the appropriate management and workforce behaviours.

### Culture & Behaviour

2.16 **Culture and Behaviour** – the importance of a cultural fit between two parties in partnership cannot be overstated. To have agreed and commonly understood working practices and behaviours is core and fundamental to the success of any partnership. The correct or appropriate behaviours is the cultural “oil and glue” that brings to life the more prosaic components of a partnership such as processes, protocols and structures, and allows the organisational energy of both parties to be focussed on the joint partnership priorities.

2.17 Typically, a successful partnership displays an open and honest culture and role models behaviours that empower staff, encourage responsibility and collaborates with assertiveness and empathy. They will display many of the following attributes:



- Sets high expectations;
- Concerned with results;
- Involves people in decisions;
- Deals openly with concerns;
- Seeks win-win solutions; and
- Encourages responsibility.

2.18 It was within this context that the Partnership was assessed and found the following:

- There are productive and effective working relationships (more commonly) at a senior level across both organisations but the quality throughout both staff groups is inconsistent at the levels below senior management.
- The existence of poor day to day relationships between operational staff was highlighted. Consequently, issues that arise that can be quickly dealt with by operational staff are *“allowed to fester”* and interrupt service delivery. They then get escalated as more complex problems than they ever needed to be - *“things get escalated rather than discussed and sorted...it’s confrontational”*;
- It seems that relationship issues have existed through the life of the contract between the two parties, but this was exacerbated by the overcharging incident. Both sides appear bruised and sensitive and as a result using this episode to heighten distrust and default to a more risk averse and traditional client/contractor role;
- The *“Co-location”* feels purely symbolic with day to day working practices and behaviour indicating that significant cultural and relationship barriers exist. The apparent lack of trust and the guarded nature of the relationship hampers any meaningful collaboration or integrated working that would fundamentally improve the working relationship and raise the levels of performance in the contract;
- The Council, like many organisations, has struggled with change. The view of many of its own staff is that it is very traditional and inward looking in its approach to change and new ways of working, with the focus being on the minutia and not the bigger strategic picture;
- True collaborative working was not evident with very few examples of sharing mechanisms being in place beyond the standard activities and processes to deliver the service. Most worryingly is that this is perceived to be an issue within the Council service and not just between the two organisations.

2.19 The lack of a consciously defined and agreed culture with a supporting set of behaviours allowed distrust to grow at the first *“bump in the road”* in the partnership relationship. A

culture that does not deal openly with concerns fosters resentment and a broader “them and us” culture has been allowed to develop unchallenged. The “them and us” culture gathered strength as it lay unchecked and then began to manifest itself by actively seeking examples (e.g. the speed of decision making and working hours) to support and strengthen its existence.

### Communications

2.20 **Communications** – the internal and external partnership voice can be critical at three levels: strategically, operationally and tactically. Good quality communications are required to ensure this key partnership mechanism can manage the flow of information, deliver messaging via appropriate channels and allow engagement with customers and colleagues. It plays a vital part in the efficiency and effectiveness of a partnership as the precision and clarity of communications and subsequent activity will contribute to increased quality, a reduction in cost and overall performance improvement.

2.21 Both organisations and staff groups openly acknowledged that communications were weak and a key priority to address. Fundamental weaknesses internally and externally were found at all three levels (strategically, operationally and tactically):

- There is no joint communications strategy or plan in place. This has resulted in inconsistent and fragmented communications due to the lack of a coordinated joint response to a range of issues from incidents, maintenance or promotion of positive news stories. This seems particularly acute e.g. with Leaseholders and is sometimes adversarial;
- From an external customer perspective, the opportunity to share and promote good news stories with them has often been lost with no proactive communications strategy and plan in place. (e.g. the level savings achieved especially);
- Internally there is a disconnect between the senior management of both organisations and their teams. Relatively effective communication exists between the two Senior Management teams, but this is not replicated across the other levels of their teams. This is possibly a symptom of the amount of organisational energy that was redirected into rebuilding the relationships at a senior level after the overcharging incident. This may have been to the detriment of other levels within both organisations;
- Day to day communications between the two organisations is reported to be inconsistent and inefficient at the middle and lower levels of the partnership;
- The absence of a joint approach to communications for the partnership is a fundamental and serious flaw. However, quickly creating a joint communications strategy and plan could quickly yield some quick wins with key customers and stakeholders.

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## Contractual Management

2.22 Contract management is an essential process that establishes a challenging yet cooperative working environment to enable contract objectives to be delivered efficiently. Its focus should not be detailed scrutiny or contract policing. Contract management arrangements should reflect the nature of the contract being managed and the relationship between the parties; it should be designed in a way that allows the flexibility to change as the focus of the contract or the relationship changes. Effective contract management will ensure that both parties understand their roles, responsibilities and their obligations; and allow the expected benefits to be realised for both parties. It is against this definition that we assessed the partnership and found the following:

- Despite the obvious successes, there is a general appreciation from both the Council and Mears that the arrangement between the two organisations has not “flourished” as a Partnership and therefore has failed to fulfil its potential and drive the maximum benefit for both parties. Almost all those interviewed identified the contract management regime as a contributory factor but there was a wide and contradictory set of views as to why;
- It was suggested by a number of those interviewed that ineffective contract management during the partnership contributed to the conditions which allowed the overcharging incident to occur and a more formal, resource intensive approach would have prevented it. Others disagreed, pointing out that the incident would have happened anyway given that it was Mears’ contract management processes that were ineffective in this instance and that the arrangements established for the Partnering Contract were suitable for a partnership arrangement of this nature;
- However, there is broad agreement that the overcharging incident had a significantly detrimental impact on the overall relationship between the two parties. It has been a key driver in shifting the behaviour away from a collaborative partnership approach to a more traditional client and contractor arrangement that now exists;
- It should be noted however that many of those interviewed were keen to highlight that the overcharging was certainly not the singular cause of the issues identified but has instead become “a convenient peg on which to hang the difficulties upon”. Feedback consistently suggests that many of the issues identified were well established before the overcharging came to light and point to underlying cultural and behavioural issues as discussed above;
- The shift away from partnership and towards traditional client and contractor roles has in the opinion of some staff from both organisations has led to a “focus(sing) on the minutia of each transaction rather than the overall strategic purpose”. This intensification of scrutiny is seen by many including some Members and senior Council staff as the right response to the isolated but significant contract failings by Mears and have encouraged it. Others appreciate that such

behaviour is not conducive to a strong partnership and merely weakens the working relationship between the two organisations and that the resource it demands and delays it causes has a detrimental impact on service quality. However, little has been done to consider the situation or take action as appropriate;

- Whilst the overcharging incident was a serious breach of the partnership and its importance should not be understated, it is also widely felt by officers from both organisations that the impact of the incident was “overly amplified” in the context of the entire contract when it became a Political issue. As a result, Members, rather than taking the strategic oversight, are now too close to the operational management of the contract and to a certain extent have stifled the attempts by officers from both organisations to rebuild trust and “get on with the job”;
- When their involvement was raised with Members, it was acknowledged by the cross-party group that whilst housing and housing repairs and investment will always be an important and controversial political issue, that a degree of cross-party consensus must be reached with regards to the contract/arrangement that follows to ensure it too does not get burdened by political point scoring;
- To enable this greater level of “contract management” the Council have re-staffed so that they can increase the level of “clienting” undertaken on the contract. In some situations, these roles directly replicate roles undertaken by Mears and possibly without consultation between the partners. In addition to being “financially wasteful” this confusion regarding roles has further complicated and extended the delivery process;
- This is a further example of where changes to working practices have been allowed to organically develop based on individual preferences rather than within the Partnership’s overall strategic framework.

### Performance Management

2.23 A well designed and delivered performance management framework plays an important role not only in measuring the performance of a team or an individual but also in driving the delivery of key goals and objectives. Good frameworks will utilise incentives and disincentives to improve performance. It will do so by using the data and information generated from the process to understand areas of strength and as a mechanism for identifying those areas of poorer performance and in which greater investment or a different approach might be required.

2.24 There is much evidence to support the saying “what gets measured gets done”. Accordingly, the ability to alter what gets measured within a dynamic performance mechanism ensures the delivery partner cannot just focus its attention on doing some parts well and getting paid regardless of performance elsewhere.

- As mentioned previously the Partnering Contract was initially established to deliver Decent Homes and to make financial savings for the Council. As was

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appropriate for these purposes, the contract was a repairs and maintenance contract and the Key Performance Indicators (KPIs) included within the detail of the performance management framework are geared towards the delivery of repairs and maintenance. It is understood that despite the changing nature of the work undertaken by Mears, with a greater focus in the capital works space, that the KPIs which continue to be measured and regularly reported have not changed to reflect this rebalancing of work and therefore will not pick up on poorer performance elsewhere;

- It was widely acknowledged that the repairs and maintenance aspect of the contract is delivered well. There is minimal negative feedback from residents and therefore there is little to report and /or discuss in terms of the performance against the KPIs. As a consequence, little is being learnt about overall performance other than Mears continue to deliver in those areas being measured;

*“KPIs are considered but not really challenged”*

- It is understood that there is minimal use of incentives or disincentives in the Partnering Contract. There is an argument that the goals of the contract, which have remained static, continue to be delivered and therefore this is a satisfactory situation. However, the Council should consider using incentives and disincentives in future contracts as a tool for driving better standards;
- The KPIs used are solely a measure of past performance, which whilst it is important to understand that key tasks are being completed to agreed standards and within agreed timeframes they do little to drive better or improved future performance. Other partnerships of this type will include indicators that will measure the investment the partner organisation is making in for example innovation, skills, and IT. This investment is expected to facilitate better performance in the future. Other organisations are incorporating measures that consider what their partners are doing to avert issues or situations that are known to impact negatively on performance. Examples include, improving staff retention or staff induction programmes and through the intelligent use of incentives and joint working these can help ensure those situations are minimised;

*“KPIs report what’s happened but aren’t used to change anything”*

- Many individuals stated that they felt the aims and objectives of what the partnership itself was trying to achieve have been lost, and the contract was *“drifting”* without real focus and that staff were not clear what was trying to be achieved. There were many reasons given for this, including the loss of key staff who had pioneered the partnership approach and the Council’s reluctance to embrace an alternative payment mechanism reasons. Another, suggestion was that in some ways the Partnership became *“a victim of its early success”* and the lack of re-establishing or refocussing the delivery goals once the original goals had been delivered had contributed to this state.

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## Workforce

2.25 **Workforce** – key to the successful delivery of any service are both the skills and capabilities of the workforce, and the management of that workforce. Where there are gaps in the necessary technical or interpersonal skills or deficiencies in the attitudes or approach, successful delivery is so much harder. Equally important is the leadership and management of the workforce, which includes the ability to identify where those gaps or deficiencies exist and have the necessary skills and courage to address them. In this section we consider the feedback given pertaining to the quality, working practices and performance management of staff and the relationships between staff of the two organisations.

- There were numerous examples given from both organisations of people management and performance management issues. Given the challenges facing the partnership the people management deficiencies are a contributing factor to the depth and continuing existence of these issues;
- There was broad agreement that workforce management activities are required to be strengthened and improved within both organisations. There is a strong perception, supported by changes in personnel, that Mears have responded more comprehensively than the Council has with a new management team in place to re-build relationships and drive improvements;
- The importance of these management activities should not be underestimated. The stability now established provides the platform for these issues to be properly and thoroughly addressed;
- Many Council staff suggested that *“lip service”* was paid to personal development and performance management - *“yes we have 1-to-1’s and PDPs (Personal Development Plans) but they aren’t really taken seriously”*
- A small number of Council staff stated that in their opinion the Council should not be paying profits to private providers and that a better and more cost-effective service could be provided in-house. Whilst legitimate, these personal beliefs are at odds with the Council’s strategic approach;
- It was raised by both sides that there have been personality clashes between staff from the two organisations during the partnership period that have had a detrimental impact on delivery. Whilst personality clashes are not unusual, and some have been addressed, others remain.

## Insight from Member discussions

2.26 One of the key drivers for this review was Member concern regarding the performance of Mears in their partnering role. The Partnering Contract has always been politically sensitive in Brighton reflecting the local circumstances. The very public nature and fallout of the overcharging incident, together with a series of leaseholder complaints that have been received directly by Members has certainly raised the profile of the Contract in the political arena.

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- 2.27 Given the importance of this contract to Members, a workshop was held with a cross party group of members from the Housing Committee.
- 2.28 The discussion during the workshop was driven initially along party lines and defined by the history of the contract. The contract was let by a Conservative administration, managed and reviewed by a Green party led administration and is now managed by the existing Labour administration. The intensity of debate and level of engagement in the workshop was further evidence of the importance of the contract and especially the need to ensure that lessons are learnt for future provision of these services.
- 2.29 However, despite the existing differences of opinion there were many areas in which agreement was found between Members of the different parties:
- Whilst there was a general agreement that anything to do with housing and particularly this service will always generate legitimate political discussion and be a focus during election times, there was acceptance of the need for cross-party consultation and if possible agreement of the type, shape, aims and objectives for future provision of this service;
  - It was agreed that the current 10-year contract was too long but also an acknowledgement of minimum term requirements to ensure/encourage innovation and investment. A 5 year plus 3-year option was more desirable;
  - The issue regarding the length of the contract was highlighted by the lack of activity and challenge undertaken during “contract review” period, which occurred after 5 years. As such the opportunity for the Council to reshape the contract to reflect changing needs to enhance performance and improve relationships was missed. This should not be allowed to happen again and will be the responsibility of the administration and opposition at the time to ensure this is not repeated in the future;
  - Members of all parties were supportive of the use of alternative pricing structures (e.g. Price per Property) rather than the traditional and rather labour-intensive Schedule of Rates approach that currently exists. This is a key benefit of a partnering contract arrangement in that it has been demonstrated to create efficiency, provide greater certainty with regards budgeting, transfer risk to the Partner and encourage innovation in the contract. No one could shed any light on the Council decision not to proceed on this basis despite Mears keenness to do so, and pilot studies suggesting it would be beneficial to all parties;
  - However, despite support for the partnering facilitated PPP approach there was a consensus that contract management has not been strong enough during the partnership and that this deficit had been a contributing factor to the overcharging situation. These two points might be seen as contradictory in that greater contract management is at odds with the partnering approach which is built on trust. There is no doubt that trust between the two parties was diminished by this incident, but

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it could also be argued that the financial risk of overcharging would have be borne by the Partner in a PPP situation;

- Members also stated that they wanted increased clarity and distinct separation between the Council and “partner”. This is at odds with a partnering approach, although it is thought to be prominent because of the overcharging incident rather than having been the mindset throughout the contract.



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### 3. Recommendations

- 3.1 It is implicit in the commission and it is clear from the findings that the conditions are not in place for the Council and the Partnering contract to fulfil its potential and ultimately be described as successful. It is both understand and acknowledge that much has been done by both organisations in attempt to address some of the key challenges, and that the Council has already put in place further plans to do so.
- 3.2 The following recommendations are set out in the context of the project findings and are intended to:
- build upon improvements already implemented, realign the strategic ambition and reset the conditions to build a sustainable model for the future;
  - reflect the themes and conditions required to strengthen the future position of the Council for the remaining period of the current contract;
  - act as important considerations for the delivery of the service beyond the life of the Partnering Contract with Mears – they are simply to ensure good practice regardless of the services being delivered.
- 3.3 The recommendations are listed by themes to provide consistency throughout the report and the dependencies are cross referenced where possible.

#### Strategic Alignment

- 3.4 Many of the recommendations suggested under this theme require close collaboration between the two parties at a senior level to agree the strategic way forward. Honest conversations are required with regards to the aims and objectives, expectations and ways of working. Without a dedicated effort to realign both parties with an agreed way forward, many of the issues highlighted above will continue for the remainder of the contract:
- **Agree and restate the key strategic objectives** for the remainder of the contract – it is imperative that this is done together in partnership with the Council and Mears;
  - **Agree and establish the type of arrangement** that is required for the delivery of the remainder of the contract – despite this being a Partnering Contract there is wide acknowledgment that it now more closely resembles a traditional client/contractor situation. Whatever the desired contract arrangement it must be agreed between the parties and the goals and expectations realigned accordingly. It would be detrimental to both organisations if the behaviour to support the agreed position was not displayed;
  - Discuss and **agree the preferred and acceptable approach to capital works** – this is necessary because the existing contract does not reflect the increased importance of capital works, which together with Mears' strength being in repairs,

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represents a significant delivery and political risk over a major aspect of the overall requirements;

- **Re-define, agree and communicate the roles and expectations** – reset and clearly articulate the roles and expectations within the Council and within the Partnership. Ensure a collaborative approach with Mears is adopted to achieving this and the profile of this is appropriate amongst all staff. It is imperative that these are communicated, understood and managed across both organisations;
- **An open and honest conversation about what are the barriers and constraints** to the Partnership fulfilling its potential and a commitment to act to address the concerns raised. This is not an opportunity to blame but an opportunity to openly and honestly air views about the deficiencies that clearly exist within each organisation;
- An honest **and pragmatic conversation about what can realistically be achieved during the remaining duration of the contract** e.g. can an alternative pricing mechanism be realistically implemented, what sort of IT and other innovation can be introduced etc. and a commitment to achieve what is possible. Clearly the preferred type of contract will impact heavily on these discussions.

### Culture and Behaviour

3.5 A collaborative programme of improvement should be considered which is driven strongly by the Culture and Behaviour changes that are required across the service and partnership. The objective of the programme will be to create and implement the conditions and environment for a sustainable and successful internal and partnership culture for the Council's Housing Department. This programme would follow the indicative steps set out below:

- The framework for this programme will be created by resetting the strategic alignment as described above in paragraph 3.4;
- **Confirming the strategic ambition and vision** allows the identification and confirmation of the conditions that need to be in place to support the reset strategy. (e.g. the type of values and behaviours, the performance management framework needed, the set of skills and capabilities to deliver the new model, integrated co-location);
- Using the findings of this report to **identify and agree the culture and behaviours that should be role-modelled** (e.g. dealing openly with issues, displaying trust, positive challenge, real collaboration, empowering staff, two-way honest communications);
- **Understand and develop the performance management framework** that needs to be in place to support a new model of working;

- **Reset and build the set of capabilities and skills** required to deliver the type of partnership working the Council desires;
- **Work closely and collaboratively with the broader Council's Organisational Development (OD) team** to ensure alignment with the OD strategy;
- **Creating a collaborative Communications approach** to working with residents, internal and partnership colleagues, Members and stakeholders.

### Communications

- **Create a joint Communications Strategy and plan** – quickly establish a joint/collaborative approach to communications that reflects the type of contract and one that addresses the key risks associated with that type. This should include agreed protocols and communications plans for all resident types – e.g. leaseholders and other stakeholders;
- **Promote the successes** of the Partnership and the contribution of Mears. – there are numerous success stories that have been “drowned out” by the “noise” of numerous relationship and contractual issues. There is acknowledgement from both parties that the strong success stories such as achieving savings and responsive repairs should be given a higher profile and publicised more coherently as a partnership both within the Council and externally to residents, leaseholders and the general public;
- **Cascade of message** – Once approved the strategic messages will need to be cascaded to all relevant staff members within both organisations both as individual bodies but also collectively to reflect the approved contract type. There is likely to be an emphasis on joint goals, roles and expected behaviours. Management from both organisations should consider how best this can be achieved individually and jointly. This approach should reflect ongoing communication needs too;
- **Collaborative approach to communications** – as part of the joint communications strategy and plan, news ideas must be developed of how to engage and ensure that staff are aware of, proud and understand the benefits that the partnership has brought and the part they have to play in promoting it. This is closely linked and will be explored as part of the Culture and Behaviour programme;
- **Involving the Members** - Senior Council officers are required to discuss the issues and recommendations identified in this review with Members and emphasise the key role they must play in the Communications Strategy and ensuring success.

### Workforce

- 3.6 As a key condition for success there are several elements that must be addressed when **resetting the Workforce strategy and approach** within the Housing Department and any future Partnerships such as:

- **managing under-performance** professionally and robustly implementing the council performance management regime;
- **role modelling** an agreed set of leadership and management behaviours;
- **displaying commitment to the personal development plans** of the workforce and supporting their development needs and the process;
- **ensuring ongoing and refreshed skillsets** and capabilities of the workforce match the model of working and delivery plans;
- **actively monitoring and managing staff turnover** at all levels to ensure the right mix of stability, continuity and quality;

and more specifically:

- **Strengthening the client role** - actively seek to consolidate and increase the Council's expert knowledge and capacity re: compliance; and
- **Increasing capacity and capability** – the capacity of the Capital programme is an area for strengthening. There is a need for a holistic, stronger compliance function, pulling together the key functions of safety re gas, electrical, asbestos fire and H&S through the overall compliance of the contract and the roles within. This would address some of the capacity issues and help build on the lessons learnt from Grenfell.

### Contractual Management

3.7 As a symbol of some of the challenges of the past, the changes to the contract management arrangements going forward will carry considerable weight as a sign of change. A number of steps to improve this position are recommended:

- Agree the contract delivery arrangements for the next three years. Jointly agree a revised forward-looking delivery plan and agree what need to change and be in place to implement the plan;
- Establish a contract management process that reflects the delivery arrangements and the agreed contract type. The approach should not scrutinise every detail but instead focuses on the agreed strategic objectives. There must be a balance that provides the level of management demanded by the Council but does not stifle delivery;
- Clearly align the behaviour change required for the contract management process to the broader culture and behaviour recommendations in resetting the overall conditions of the partnership.

### Performance Management

3.8 The key recommendations are to:

- 
- review the performance management arrangements and realign it with an agreed approach;
  - use this opportunity to create a well-designed performance management framework with the following elements:
    - ensure KPIs reflect what is being delivered and the service that is desired now and for the remaining life of the contract. If appropriate build in a mechanism that allows them to be flexed at agreed points in the future;
    - utilise incentives and disincentives to improve performance;
    - use data and information generated from the process to understand areas of strong and poor performance and where investments should be refocussed.

## 4. Alternative Approaches for Housing Services Delivery

4.1 There are several alternative ways in which other local authorities are seeking to deliver housing repairs, maintenance and investment contracts. Experience suggests that whilst there are variations on a theme, for example some Council's with larger housing stocks use multiple suppliers, there are five main approaches that are being employed in this area:

- Traditional in-house provision via a DLO – all staff are employed directly by the Council and the service is delivered as a Council service;
- Modern “in-house” provision via a wholly owned company – the Council establishes a wholly owned company and the services are delivered under contract by the Company;
- A Joint Venture – the Council establishes a joint venture (JV) vehicle either with another public sector organisation or a private sector company. The services are provided by the JV. Ownership structure considerations are necessary to ensure compliance with procurement law;
- A traditional client/contractor relationship – the Council lets a service contract to a third party who deliver the services as per an agreed contract. The Council manages the contract via an appropriately resourced and skilled client-side function;
- Partnership arrangement with a private provider – as current exists between the Council and Mears. The two organisations work together to deliver mutually beneficial aims and objectives.

4.2 Some of the more prominent advantages and disadvantages of each approach are outlined in the table below:

Advantages	Disadvantages
<b>Traditional in-house provision</b>	
<ul style="list-style-type: none"> <li>• No need to go through full procurement processes for service delivery.</li> <li>• The Council retains control and discretion over service direction, budgets and policy decisions.</li> <li>• There is no loss of “profit” from the public sector.</li> <li>• Not exposed to</li> </ul>	<ul style="list-style-type: none"> <li>• Costs of “staffing up” for contract delivery, and the associated support costs for doing so.</li> <li>• Significant IT, system and equipment start-up costs.</li> <li>• Unless looking to supply housing services to other house owners there is a lack of opportunity to exploit economies of scale.</li> </ul>

<p>changes/consolidation in the market</p> <ul style="list-style-type: none"> <li>• Can use service provision to demonstrate and invest in the local community.</li> <li>• Retain and promote links between service provision and residents.</li> <li>• Potential VAT efficiencies.</li> </ul>	<ul style="list-style-type: none"> <li>• Council housing stocks are generally falling further reducing cost base.</li> <li>• Limited service base to share the costs of innovation and other development.</li> <li>• Will not benefit from market innovation.</li> <li>• Lack of flexibility with regards to staff levels and being able to meet fluctuating service demands.</li> <li>• All risk including the financial risk of permanent staff is retained within the local authority.</li> <li>• All staff are on full Council terms and conditions.</li> <li>• Can lead to blurred boundaries between operational and strategic responsibilities, and especially the role of Members.</li> </ul>
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**Services provided by a wholly owned Company**

<ul style="list-style-type: none"> <li>• As sole shareholder the Council retains strategic control of the company as it is responsible for setting the company’s strategic objectives and signing off its annual business plan.</li> <li>• Any profits flow to the Council through its 100% shareholding.</li> <li>• The company’s governance structure should make the boundaries very clear between operational and strategic responsibilities.</li> <li>• The company decides on the terms and conditions it offers its staff.</li> <li>• Limited client-side required within</li> </ul>	<ul style="list-style-type: none"> <li>• Potentially significant set up costs.</li> <li>• Profits subject to corporation tax and applicable expenditure subject to VAT.</li> <li>• Important that governance structures are clearly defined and implemented or can lead to conflict of interests for company directors.</li> <li>• Costs of “staffing up” for contract delivery, and the associated support costs for doing so.</li> <li>• Significant IT, system and equipment start-up costs.</li> <li>• Unless the company is looking to supply housing services to other</li> </ul>
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<p>the Council.</p>	<p>house owners there is a lack of opportunity to exploit economies of scale.</p> <ul style="list-style-type: none"> <li>• As a local authority owned company without a track record it can be difficult to generate other contracts.</li> <li>• Limited service base to share the costs of innovation and other development.</li> <li>• Will not necessarily benefit from market innovation.</li> </ul>
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**Establishing a JV with another organisation**

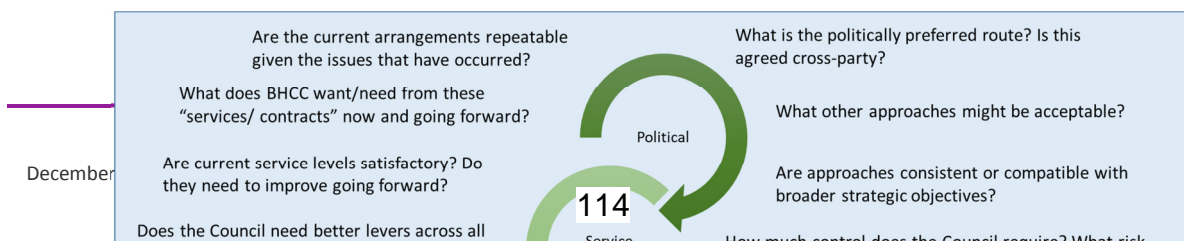
<ul style="list-style-type: none"> <li>• Risk and reward are shared with another organisation.</li> <li>• Potentially no need to go through full procurement processes for contract delivery.</li> <li>• Potential to retain full control in the public sector if the JV partner is another public sector body.</li> <li>• As significant or majority shareholder the Council retains a significant say in the strategic control of the JV as it is responsible for setting its strategic objectives and signing off its annual business plan.</li> <li>• The JV’s governance structure should make the boundaries very clear between operational and strategic responsibilities.</li> <li>• JV partner will bring a broader range of perceptions, skills, approaches and market experience.</li> <li>• The company decides on the terms</li> </ul>	<ul style="list-style-type: none"> <li>• Setting up a JV can be time consuming and expensive and may require a full procurement process.</li> <li>• Some of the any profits generated will flow to the JV partner through their shareholding.</li> <li>• Potentially significant set up costs.</li> <li>• Profits subject to corporation tax and applicable expenditure subject to VAT.</li> <li>• Important that governance structures are clearly defined and implemented or can lead to conflict of interests for company directors.</li> <li>• Costs of “staffing up” for contract delivery, and the associated support costs for doing so.</li> <li>• Significant IT, system and equipment start-up costs.</li> <li>• Unless the company is looking to supply housing services to other house owners there is a lack of</li> </ul>
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<p>and conditions it offers its staff.</p> <ul style="list-style-type: none"> <li>• Will potentially be able to benefit from market innovation through JVs partner breadth of delivery.</li> <li>• Requires a reduced client-side function within the Council.</li> </ul>	<p>opportunity to exploit economies of scale.</p> <ul style="list-style-type: none"> <li>• As a new company without a track record it can be difficult to generate other contracts, although possibly offset by JV partner’s reputation.</li> <li>• Limited service base to share the costs of innovation and other development.</li> <li>• Cultural clashes between the Council and their JV partner can reduce effectiveness of the JV.</li> </ul>
<p><b>A service contract delivered by a Contractor with a strong Council client-side function</b></p>	
<ul style="list-style-type: none"> <li>• Financial and delivery risk are passed to the Contractor.</li> <li>• This is a comfortable arrangement that is well understood.</li> <li>• There is currently a strong market for this type of approach.</li> <li>• Using multiple suppliers would enable expertise to be exploited in different aspects of the service e.g. splitting day to day repairs and capital improvement works.</li> </ul>	<ul style="list-style-type: none"> <li>• The Council retains reputational risk for service delivery but has little control over service delivery standards.</li> <li>• Potentially significant costs of service procurement.</li> <li>• Typically, reliant on resource heavy schedule of rates as a pricing mechanism.</li> <li>• Requires significant client-side resources within the Council.</li> <li>• Does not encourage innovation and service modernisation on the part of the service delivery organisation.</li> <li>• There is a “leak” of profit to the private sector.</li> </ul>
<p><b>Partnership contract with a private sector partner</b></p>	
<ul style="list-style-type: none"> <li>• Risk and reward are shared between the Council and its partner.</li> <li>• The partner brings expertise, skills and experience the Council does not</li> </ul>	<ul style="list-style-type: none"> <li>• Potentially significant delivery procurement costs.</li> <li>• The Council retains a share of key risks such as delivery, financial and</li> </ul>

<p>possess.</p> <ul style="list-style-type: none"> <li>• The partner’s breadth of delivery should enable the partnership to benefit from economies of scale, such as within the supply chain.</li> <li>• Provides the opportunity for innovative pricing mechanisms, such as open book or price per property.</li> <li>• The partnership agreement can dictate Council expectations regarding the partner’s contribution to innovation.</li> <li>• There is currently a strong market for this type of approach.</li> <li>• The partner will bring “operationally ready and modern IT systems.</li> <li>• Presents the opportunity for innovative, forward looking and flexible performance mechanism.</li> <li>• Requires a reduced client-side function within the Council.</li> </ul>	<p>reputational.</p> <ul style="list-style-type: none"> <li>• Can be politically challenging to the Council to be seen working so closely with a private sector provider.</li> <li>• There is a “leak” of profit to the private sector.</li> <li>• Requires a trusting working relationship that takes hard work to establish and maintain.</li> <li>• Cultural clashes between the Council and their partner can reduce the effectiveness of the partnership.</li> </ul>
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4.3 However, the advice to the Council as it is with any consideration of an approach to adopt for any purpose, is that the approach must be consistent with the aims, ambitions, risk appetite, values and culture of the Council. As such it is recommended that the Council goes through the process of challenging itself to answer a series of questions along the lines of those identified in the diagram below across three dimensions – Political, Service Delivery and Transformational/Financial:



- 4.4 This “funnelling process” will enable the Council to identify which are the most appropriate approaches for its specific situation and perhaps more importantly highlight those that are incompatible.

## Appendix A – Action Plan

Action	Content	Who	When
<b>Strategic Alignment</b>			
Arrange and hold a series of "Honest Conversation" meetings.	<ul style="list-style-type: none"> <li>- Agree and restate key strategic objectives.</li> <li>- Agree and establish the delivery arrangement for the remainder of the Partnering Contract.</li> <li>- Discuss and Agree the preferred and acceptable approach to capital works</li> <li>- Redefine and Agree roles and expectations.</li> <li>- Discuss openly existing barriers to success and how they can be overcome.</li> </ul>	<ul style="list-style-type: none"> <li>- Senior Officers from B&amp;HCC including Housing Management.</li> <li>- Senior Management from Mears, including Service Delivery Management.</li> </ul>	Immediately and to continue for the remainder of the Partnering Contract.
<b>Communications</b>			
Create a joint Communication Strategy and Plan.	<ul style="list-style-type: none"> <li>- Agree overall and joint aims and objectives.</li> <li>- Identify key target stakeholders/audiences and the most appropriate types of communication for that audience. This should include internal stakeholders such as staff and Members.</li> <li>- Agree "one off" key messages e.g. promotion of the successes of the Partnership to date / findings and recommendations of the Partnering Contract Review/ outcomes of "honest conversations".</li> <li>- Agree ongoing programme of communications (content/type/regularity etc.).</li> <li>- Agree responsibilities between parties.</li> </ul>	<ul style="list-style-type: none"> <li>- Senior Officers from B&amp;HCC including Housing Management and communications/media team.</li> <li>- Senior Management from Mears, including Service Delivery Management and communications/media team.</li> </ul>	Immediate.
Implementation of the joint Communication Strategy and Plan.	<ul style="list-style-type: none"> <li>- Ensure sufficient and appropriately skilled resources are in place to implement the strategy and plan.</li> <li>- Ensure the agreed mechanisms of communication are in place or are in development e.g. Twitter Accounts etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Council Members.</li> <li>- Senior Management from both B&amp;HCC and Mears.</li> <li>- B&amp;HCC Housing Management.</li> </ul>	ASAP and ongoing once the Strategy and Plan are agreed.
<b>Workforce</b>			
Reset the Workforce Strategy and Approach within the Housing Department.	<ul style="list-style-type: none"> <li>- Professional and robust implementation of B&amp;HCC performance management regime.</li> <li>- Leaders and managers to display and role-model the agreed set of behaviours defined from the Behavioural Change Programme.</li> <li>- Demonstrable commitment to staff personal development through the use of Personal Development Plans for all staff.</li> <li>- Use PDPs to identify areas for staff development and invest in those areas.</li> <li>- Active monitoring and management of staff turnover.</li> </ul>	<ul style="list-style-type: none"> <li>- B&amp;HCC Senior Officers.</li> <li>- B&amp;HCC Housing Management.</li> </ul>	Immediately and ongoing.
Strengthen the Council's ability to undertake the client role.	<ul style="list-style-type: none"> <li>- Reflect the Strategic Alignment conversations by securing suitable levels of suitably skilled resource to undertake the re-defined Client Role.</li> </ul>	<ul style="list-style-type: none"> <li>- B&amp;HCC Housing Management.</li> </ul>	Following Strategic Alignment meetings.
Increase capacity and capability with specific regards to the Capital programme.	<ul style="list-style-type: none"> <li>- Reflect the Strategic Alignment conversations by securing suitable levels of suitably skilled resource to ensure the Council's Capital Programme is appropriately resourced and given the necessary prominence within the Council's overall service delivery and specifically within the revised Partnering Contract arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>- B&amp;HCC Housing Management.</li> </ul>	Following Strategic Alignment meetings.

Action	Content	Who	When
<b>Contract Management</b>			
Agree and implement revised and strengthened Contract Management arrangements	<ul style="list-style-type: none"> <li>- Agree contract delivery arrangements for the remainder of the Partnering Contract.</li> <li>- Agree a revised delivery plan.</li> <li>- Agree the changes necessary to implement the new plan.</li> </ul>	<ul style="list-style-type: none"> <li>- B&amp;HCC Housing Management.</li> <li>- Mears delivery Management Team.</li> </ul>	Before Easter 2018
Implement revised and strengthened Contract Management arrangements	<ul style="list-style-type: none"> <li>- Secure appropriately skilled Council resource to manage and operate the revised Contract Management Framework.</li> </ul>	<ul style="list-style-type: none"> <li>- B&amp;HCC Housing Management.</li> </ul>	Following agreement of new arrangements.
<b>Performance Management</b>			
Review contract Performance Management arrangements in light of the agreed approach for the remainder of the contract	<ul style="list-style-type: none"> <li>- Consider whether there is worth in seeking to change the existing Performance Management arrangements and getting agreement with the Partner</li> </ul>	<ul style="list-style-type: none"> <li>- B&amp;HCC Housing Management</li> </ul>	January 2018
If appropriate, create a modern forward looking Performance Management Framework for the Partnering Contract	<ul style="list-style-type: none"> <li>- Review and revise KPIs to ensure they measure the desired outcomes for the remainder of the contract</li> <li>- Consider a flexible approach for KPIs</li> <li>- Consider the use of incentives and disincentives within the Payment Mechanism</li> <li>- Consider and agree a mechanism that uses the data and information generated to improve targeting of investment.</li> <li>- Agree reporting and management mechanisms.</li> </ul>		Before Easter 2018
Implement the new Performance Management Framework	<ul style="list-style-type: none"> <li>- Secure appropriately skilled Council resource to manage and operate the Performance Management Framework.</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- B&amp;HCC client team</li> </ul>	Following agreement of new arrangements.
Reset the Workforce Strategy and Approach within the Housing Department.	<ul style="list-style-type: none"> <li>- Professional and robust implementation of B&amp;HCC performance management regime.</li> <li>- Leaders and managers to display and role-model the agreed set of behaviours defined from the Behavioural Change Programme.</li> <li>- Demonstrable commitment to staff personal development through the use of Personal Development Plans for all staff.</li> <li>- Use PDPs to identify areas for staff development and invest in those areas.</li> <li>- Active monitoring and management of staff turnover.</li> </ul>	<ul style="list-style-type: none"> <li>- B&amp;HCC Senior Officers.</li> <li>- B&amp;HCC Housing Management.</li> </ul>	Immediate and ongoing.

Action	Content	Who	When
<b>Culture and Behaviour</b>			
Develop a collaborative programme of Culture and Behavioural Change.	<ul style="list-style-type: none"> <li>- Identify and secure appropriate resources to develop the change programme.</li> <li>- Confirm the scope of the change programme e.g. housing services, full Council etc.</li> <li>- Confirm the strategic ambition and vision of the service in scope - e.g. the type of values and behaviours.</li> <li>- Identify and agree the culture and behaviours that should be role-modelled - e.g. dealing openly with issues, positive challenge, real collaboration, empowering staff.</li> <li>- Understand and develop the performance management framework to support the new model of working.</li> <li>- Reset and build the new set of capabilities and skills.</li> <li>- Work closely and collaboratively with the broader Council's Organisational Development Team.</li> </ul>	<ul style="list-style-type: none"> <li>- B&amp;HCC Senior Officers.</li> <li>- Expert support.</li> </ul>	Immediate and ongoing.
Implement a collaborative programme of Culture and Behavioural Change.	<ul style="list-style-type: none"> <li>- Define an implementation programme.</li> <li>- Implement the performance management framework to support the new model of working.</li> <li>- Build and model the desired behaviours and the new set of capabilities, skills.</li> <li>- Work closely and collaboratively with the broader Council's Organisational Development Team.</li> </ul>	<ul style="list-style-type: none"> <li>- B&amp;HCC Senior Officers.</li> <li>- Expert support.</li> </ul>	Ongoing following the programme design stage.
<b>New Contract Arrangements</b>			
Design and complete a "funnelling process" to identify the most appropriate approach(es) for B&HCC's specific situation and highlight those that are incompatible.	<ul style="list-style-type: none"> <li>- Identify appropriate resource to design and run the "funnelling process".</li> <li>- Consider each approach with respect to the Council's aims, ambitions, risk appetite, values and culture of the Council.</li> <li>- Consider, discuss and answer a series of questions across three dimensions: Political, Service Delivery and Transformational/Financial.</li> </ul>	<ul style="list-style-type: none"> <li>- B&amp;HCC Members.</li> <li>- B&amp;HCC Senior Officers.</li> <li>- Expert support.</li> </ul>	Before Easter 2018.
Learn lessons from those that have recently participated in the letting of a contract for this type of services.	<ul style="list-style-type: none"> <li>- Communicate with/visit other Council's and 3rd party experts to gain an understanding of their experiences of recently participating in the letting of a contract for these services.</li> </ul>	<ul style="list-style-type: none"> <li>- B&amp;HCC Senior Officers.</li> <li>- B&amp;HCC Housing Management.</li> </ul>	January/February 2018.

<b>Subject:</b>	<b>Update on options programme for future delivery of housing repairs and maintenance</b>		
<b>Date of Meeting:</b>	<b>13<sup>th</sup> June 2018 – Housing &amp; New Homes Committee</b> 14 <sup>th</sup> June 2018 – Policy, Resources & Growth Committee		
<b>Report of:</b>	<b>Executive Director for Neighbourhoods, Communities &amp; Housing</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Glyn Huelin</b> <b>Sharon Davies</b>	<b>Tel:</b> <b>01273 293306</b> <b>01273 291295</b>
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<b>Ward(s) affected:</b>	<b>All</b>		

## **FOR GENERAL RELEASE**

### **1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 This document updates Housing & New Homes Committee on progress with the options programme for delivering housing repairs, maintenance, improvements and capital works post April 2020 when the current contractual arrangements expire.
- 1.2 Brighton & Hove City Council (Housing) operates a ten year partnering contract with Mears Limited under which the following services and works are provided for the council's housing stock:
- Responsive repairs and empty properties maintenance
  - Planned maintenance and improvement programmes
  - Major capital works projects
- 1.3 An initial report initiating the programme was taken to Housing & New Homes Committee in March 2018.

### **2. RECOMMENDATIONS:**

- 2.1 That committee notes progress with the options programme for the future delivery of repairs, planned maintenance and capital works for the council's housing stock, as detailed in the body of this report.

### **3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 A programme board is in place and led by the Executive Director, Neighbourhoods, Communities & Housing. The board includes representation

from procurement, legal and finance alongside housing. Human Resources officers will also attend future programme board meetings.

### 3.2 Member and committee activity

- 3.3 An initial report initiating the programme was taken to Housing & New Homes Committee (H&NHC) in March 2018. This report detailed:
- The structure of the programme and the programme board in place led by the Executive Director, Neighbourhoods, Communities and Housing.
  - Arrangements for engaging members through Procurement Advisory Board (PAB) with additional attendance by lead members for housing.
  - The commissioning of consultants to develop an initial options and market research report.
  - The high level timetable for the programme and any resulting procurement activities.
  - Arrangements for engaging with residents and keeping both residents and members informed of progress with the programme.
  - High level risks associated with the programme.
- 3.4 This report above was also taken to Policy, Resources & Growth Committee following a request by PAB.
- 3.5 Members of the programme team have attended the Members Procurement Advisory Board (PAB) on three occasions since the commencement of the programme. The existing board members are joined by lead members for housing for this item.
- 3.6 PAB has been provided with further information on the structure of the options programme, timetable and critical dates, details of sub-contracting arrangements within the existing contract, lease arrangements for the Housing Centre, details of housing contracts that are not currently delivered through the existing contract and feedback from site visits undertaken by the programme team.
- 3.7 The April meeting of PAB received an options report commission by the council and was also attended by the consultants who developed this report. This was followed up with a further session on this item on 4<sup>th</sup> June. Further details of the options report are detailed in 3.22.
- 3.8 An aligned report detailing the independent review of the existing contract undertaken by 31ten consultancy in 2017 is scheduled for discussion at Housing & New Homes Committee on 13<sup>th</sup> June. The report contains a combination of recommendations for the final two years of the existing contract and lessons learned for consideration in the context of the options programme.
- 3.9 Where other related housing procurement reports are being taken forward to committee, officers are working with procurement colleagues to consider how these relate to this options programme. The forthcoming procurement report for fire alarms servicing, maintenance and installations includes details explaining why this procurement is moving forward as a stand-alone project.



### 3.10 Resident engagement activity

3.11 To date programme officers have attended the following resident meetings to provide an initial brief of the programme and next steps for resident engagement:

- Area Panels
- Home Service Improvement Group
- Leaseholder Action Group – Annual General Meeting

3.12 Residents at Area Panel meetings provided some initial feedback around the current contractual arrangements and raised some questions about delivery methods moving forward - feedback was included in the March 2018 report to Housing & New Homes Committee.

3.13 Representatives at the Home Service Improvement Group were keen to be updated at future meeting of the progress of the programme and gave appreciation around the scale of the programme.

3.14 The programme team presented on the programme at the Leaseholders Action Group (LAG) – Annual General Meeting in April 2018 and will work with the newly elected LAG representatives over the coming months to engage with leaseholders and collect feedback on the current arrangements.

3.15 Leaseholders fed back that they welcomed the opportunity to be engaged in the programme alongside the work being undertaken to improve engagement with leaseholders. Other feedback included that the council should ensure value for money is being delivered through major housing projects and that there should be a stronger focus on maintenance programmes through future delivery arrangements.

3.16 The programme team are currently in the process of developing the following activities for tenant and leaseholder engagement to take place up until September 2018:

- Independent sample of face to face surveys
- On-line questionnaire
- Social media / Homeing In updates
- Workshops for tenants and leaseholders

3.17 As well as formal leaseholder consultation and continued engagement with residents groups it is also of note that smaller a group of residents (representative of the demographic profile) will be engaged throughout any tender evaluation process.

- 3.18 Staff engagement activity
- 3.19 Staff have received regular updates on the programme through the initial phase. The programme team have presented on progress with the programme at the regular all staff meetings held for the Property & Investment team.
- 3.20 In addition the team have received email briefings alongside the development of reports and the release of any public reports on the programme.
- 3.21 The Programme Board now includes Human Resources representation and updates on the programme will be given to union representatives at forthcoming Departmental Consultation Group meetings alongside a specific workshop for staff to feedback on the current arrangements.
- 3.22 Initial options report
- 3.23 As detailed in 3.3 Trowers & Hamblins and Savills were commissioned to jointly produce an initial options report detailing the main options for the delivery of services currently undertaken under the existing contract. A copy of the report is included as Appendix 3.
- 3.24 This report is supported by a matrix which sets out the options available for the future delivery of the service (Appendix 1) and an executive summary of the options report (Appendix 2) which sets out the main advantages and disadvantages of the delivery models set out below in 3.26.
- 3.25 Rebecca Rees, Partner at Trowers & Hamblins LLP and John Kiely, Director at Savills (UK) Limited attended Procurement Advisory Board meetings on 30th April and 4<sup>th</sup> June to talk to the report and answer questions.
- 3.26 The report details four options for delivery of these services in the future. For clarity each option is not stand alone and the report details that the council may wish to use a combination of delivery options for different parts of the current service. The primary options detailed in the report are set out as follows:
- Direct delivery of the services
  - Outsourcing
  - Wholly-Owned Subsidiary/Managed Service model
  - Joint Venture company
- 3.27 Next steps
- 3.28 Key activities over the coming months include undertaking resident engagement activity and workshops for tenants, leaseholders, councillors and staff. The programme team will also carry out further visits of other providers and prepare summaries of these for both PAB and Housing & New Homes Committee.

- 3.29 A further report will be prepared for Housing & New Homes Committee in September where agreement will be sought for the preferred option(s) for the future delivery of the service. This report will include summary of the engagement activities and workshops undertaken as well as other work undertaken by the programme team.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 No alternative options to the delivery of the options programme are available. The provision of repairs and maintenance to council owned housing stock is a core landlord responsibility under housing legislation.
- 4.2 As detailed in 3.22 above a number of options are being considered for the future delivery of these services. A further report to Housing & New Homes Committee and Policy, Resources & Growth Committee in September/October 2018 will seek to identify the preferred option(s) for delivery following the end of the current contract arrangements in 2020.

#### **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 The report sets out engagement activities undertaken to date with residents in the city at 3.10 – 3.15. The report also sets out the broad engagement activity being undertaken over the coming months at 3.16 – 3.17.

#### **6. CONCLUSION**

- 6.1 The programme will cover the options for future delivery of a significant proportion of the council's investment in its housing stock. Future reports to committee will enable members to make decisions on the options and delivery strategy for 2020 onwards.

#### **7. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

- 7.1 The Housing Revenue (HRA) budget for 2018/19 includes £0.250m for the preparation of the future delivery of housing repairs, planned maintenance and capital works once the Mears contract ends in March 2020.
- 7.2 A further report requesting member agreement on the preferred procurement option for this service will include the financial implications of each option.

*Finance Officer Consulted: Monica Brooks*

*Date: 16/05/18*

Legal Implications:

- 7.3 There are no direct legal implications arising out of this report which sets out a recommendation for noting.

*Lawyer Consulted:*

*Isabella Sidoli*

*Date: 29/05/18*

Equalities Implications:

- 7.4 An equalities impact assessment has not been carried out for this programme at this stage. Assessments are in place for any work carried out under the current contract arrangements. It is anticipated that a similar process will be appropriate here.
- 7.5 It is possible that options identified as a result of this programme will involve transfer of staff from the existing contractor.
- 7.6 Engagement with staff is detailed in section 3.18 – 3.21.

Sustainability Implications:

- 7.7 The work carried out under the existing contract arrangements in this area contribute significantly to the council owned stocks energy performance. Future arrangements will need to assess any potential providers ability to deliver services in a sustainable and energy efficient manner in line with the council's HRA energy strategy.

Any Other Significant Implications:

- 7.8 Risk and opportunity management implications
- 7.9 The programme includes a detailed risk management plan and register which is being maintained throughout the programme
- 7.10 Corporate/Citywide implications
- 7.11 There are a number of Corporate, Citywide and Housing strategies that are relevant to this programme. These are set out in full in the 14<sup>th</sup> March 2018 Housing & New Homes Committee report initiating the programme.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Matrix of options available for future delivery
2. Executive summary of options report
3. Options report for the delivery of responsive repairs services, planned maintenance and improvement programmes and large capital projects

### **Documents in Members' Rooms**

None

### **Background Documents**

None



## Emerging client functions

- Programme management
- Overarching quality assurance
- Customer service
- Specification and identification of works
- Cost management
- Effective, proactive maintenance

## Proposed service objectives

- Excellent customer service (including the ability to self serve, improved customer engagement)
- Transparency
- Enhanced client side management
- Enhanced value for money
- Maximise social value

## Current service provider functions

### Revenue works

- Responsive repairs
- Empty property refurb
- Estate Development Budget
- 18/19 - £7 million

### Planned works (capital)

- Kitchens, bathrooms, doors, windows replacement
- Internal and external decs
- Roofing replacements
- 18/19 – £10.5 million

### Major works (capital)

- Larger whole estate works
- Refurbishments of blocks
- Cladding/structural works
- 18/19 - £12 million

## Future delivery options

Direct Delivery

Extension into planned works would need to be supplemented by outsourcing

Outsourced to one provider

Outsourced to one provider

Outsourced to one provider

Limited outsource model

- Customer contract – in house
- Works delivery – outsourced
- Quality assurance – in house

Outsourced through smaller lots

Outsourced through own framework for lots with ongoing competition\*

Outsourced through own framework for lots with ongoing competition

Outsourced through project by project tendering\*

\* Could also support business as usual delivery through contract end period

Wholly owned subsidiary

Extension into planned works would need to be supplemented by outsourcing

Joint Venture

Extension into planned works would need to be supplemented by outsourcing





### Executive Summary of Options<sup>i</sup>

Option	Advantages	Disadvantages
<p>Direct delivery i.e. no separate organisation – council provides services</p>	<p>Council in control</p> <p>No private profit extracted</p> <p>Staff receive benefits of working for the council – likely to have union and staff support</p> <p>No risk of contractor insolvency</p> <p>No procurement necessary for DLO</p> <p>Ability to ensure positive relationships with tenants</p>	<p>May not be realistic if incumbent’s management employees are not caught by TUPE or opt out of TUPE (council does not currently employ staff with the necessary experience)</p> <p>Significant start-up costs e.g. vans, IT as there is currently little/no infrastructure</p> <p>DLO will find it more difficult to meet fluctuating demands than a national contractor who can flex their workforce across geographic areas</p> <p>Lack of established ways of working and corporate experience of delivering services</p> <p>Significant resources required to undertake multiple procurements e.g. vans, IT, sub-contractors</p> <p>Will have to procure sub-contractors etc. in compliance with EU regulated public procurement regime and Contract Standing Orders</p> <p>Will need to procure some planned repairs and major works where the DLO does not have the capacity / skills</p>
<p>Outsourcing – either via a partnership contract, term contract or framework agreement</p>	<p>Successful bidder will supply vans and IT and will absorb start-up costs (though will be reflected in pricing)</p> <p>Likely to have established ways of working/procedures in place to deliver services</p> <p>Council will receive a contractor warranty in relation to the works</p> <p>Existing contract has worked well for responsive repairs. Separate tailored procurements e.g. for responsive repairs and major works would ensure right contract and contractor for different</p>	<p>Risk of contractor insolvency (but this risk can be reduced by robust consideration of financial standing in selection stage of procurement)</p> <p>Incumbent will have advantage in procurement process over other suppliers as no start-up costs and in-depth knowledge of councils requirements (though the council is under a duty to try and level the playing field if possible during the procurement process)</p> <p>Procurement process encourages low bids which may lead bidders to plan to reduce wages (despite constraints of TUPE)</p> <p>May not work as well for customer contact</p>

	aspects of service	where more control and interaction with tenants would be beneficial
Wholly owned subsidiary	Council in control in relation to staff	<p>If contractor appointed to manage – will extract some profit</p> <p>High cost of establishing and administrative costs of supporting board etc</p> <p>Potentially difficult to navigate as staff employed by council but taking direction from contractor</p>
JV	May be able to win other work and benefit from economies of scale	<p>Competitive dialogue takes 12- 18 months.</p> <p>Incumbent has advantage</p> <p>Very high start-up costs e.g. legal work to support competitive dialogue and establish JV</p> <p>Ongoing costs of supporting board etc.</p>

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<sup>i</sup> This executive summary does not include all the advantages and disadvantages set out in the Trowers & Savills report but is intended to capture the most significant ones.



**dated 19<sup>th</sup> April 2018**

**Brighton & Hove City Council**

**Options Report for the delivery of responsive repairs services, planned maintenance and improvement programmes and large capital projects**

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**trowers & hamblins**

# Options Report for the delivery of responsive repairs services, planned maintenance and improvement programmes and large capital projects

## 1 Introduction

1.1 This document has been produced by Trowers & Hamlins LLP and Savills (UK) Limited and has been prepared for use by Brighton & Hove City Council (**BHCC**) with the aim of providing further detail on each appraised option and supporting information.

1.2 This document seeks to be an overall guide to each Option detailed below, and seeks to explore the key elements of each option.

## 2 Executive Summary

In compiling this Report, we have explored all of the delivery options current in the market-place. No option has been discounted at this stage and we have endeavoured to set out all of the advantages and risks of each option.

It is recognised in this Report that it is unlikely that one option will provide a perfect "fit" with all of BHCC's re-procurement priorities and it is more likely that, going forward, BHCC will need to explore a mixed-market approach: adopting two, or maybe three, of the Options discussed below across its responsive and planned works programmes. The key element of success will be the implementation by BHCC of a strong clienting-function, enabling it to manage, monitor and direct whichever delivery Option(s) it selects.

Value for money is a key priority for BHCC and we have indicated the advantages and risks of each of the Options discussed below in this respect. The report is based on the assumption that the splitting of responsive from planned works into two discrete programmes of works will not undermine the achievement of value for money; this is due to the approach taken by bidders to the pricing and delivery of such works: responsive being undertaken primarily through direct labour, versus planned works being delivered through sub-contracts and supply-chain arrangements.

## 3 Terms of Reference

3.1 BHCC requires an options appraisal of potential suitable delivery models which best align with its aspirations for its mid- to long-term requirement for the delivery of its repairs and maintenance programme to its current and future homes.

3.2 The delivery of an efficient maintenance service to its stock is an essential part of BHCC's overall objectives. Our approach to this options appraisal is with the key aim of maintaining and building on the benefits BHCC has achieved through its current relationship with its outsourced contractor, whilst addressing the identified areas of concern and improving contract performance.

3.3 In compiling this options appraisal, we have had the benefit of a wide-ranging discussion held at BHCC's housing office on 20<sup>th</sup> February 2018, attended by Sharon Davies and Glyn Huelin of BHCC and a further discussion on 29<sup>th</sup> March 2018 at Hove Town Hall, attended by Sharon Davies, Glyn Huelin, Martin Reid and Monica Brooks of BHCC. As discussed at those sessions, we have considered the options against a consistent set of requirements, including:

- (a) Increased contract/budget management;
- (b) Increased control and oversight of the works instructed (via control of the call-centre and quality-control audit checks); and
- (c) Attraction and commitment of the market-place; and
- (d) Integration of a wide variety of work types that form part of the overall maintenance package, broadly those comprising a series of planned projects (planned works) and those comprising tasks ordered cyclically or responsively (responsive works).

3.4 Throughout this options appraisal, we have assumed the following as givens for any options considered:

- (a) State Aid compliance (funding covenants etc); and
- (b) Governance compliance (vires and regulation); and
- (c) Legislative compliance (EU procurement, leaseholder consultation, tax, TUPE and pensions, etc); and
- (d) Policy and regulatory compliance (efficiency drivers).

3.5 Each Option will need to be considered further in light of BHCC's aspirations concerning IT and communication systems required to manage resident and officer information, stock archetypes, location and future potential growth. We note on this point that BHCC is currently undertaking a significant IT procurement which will result in an updating of all its current IT systems and packages. This will mean that its current housing management IT package will change. The IT procurement is scheduled to finish in September 2019, with any identified solutions being put in place during 2020 and beyond.

3.6 Primary Options (each an **Option**) addressed are as follows:

- 1 Direct delivery of the services (**Option 1**); and
- 2 Outsourcing (**Option 2**); and
- 3 Wholly-Owned Subsidiary/Managed Service model (**Option 3**); and
- 4 Joint Venture company (**Option 4**)

3.7 Each Option needs to provide BHCC with flexibility and choice in its re-procurement Options in the long-run and be deliverable (eg procured and mobilised) by April 2020. We also note that, while the current contract covers both responsive and planned/major capital works, it is possible that the future delivery could split the responsive from the planned/major works.

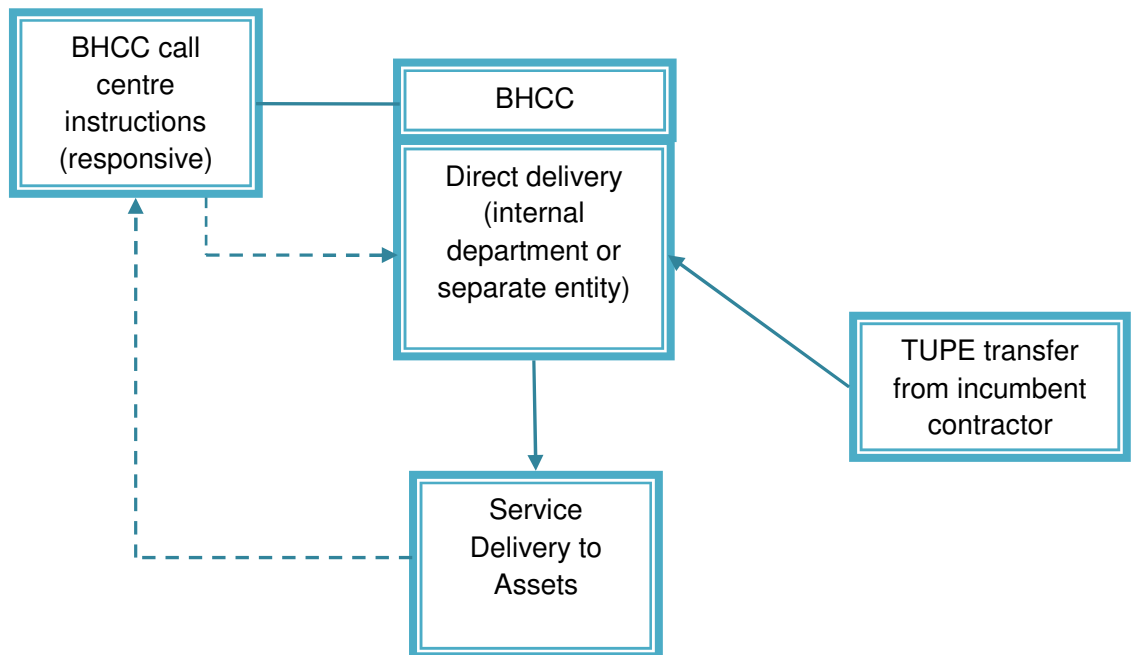
#### 4 **Option Appraisal**

Noted below is each of the Options explored in this Report. We have set out a diagram showing the corporate/contractual/delivery structure of each Option and noted beneath each diagram the perceived advantages/concerns/issues for each Option.

## 4.1 Option 1: Direct delivery of services

Establishment of an entirely new direct works department or organisation (referred to as a **DLO**) to serve all of the responsive repairs needs of BHCC, or a significant part of those needs, through self-delivery, engaging second-tier supply-chain members (subcontractors/suppliers/sub-consultants) as required. For clarity we have assumed that this model will not involve the creation of a new legal entity.

### 4.1.1 Diagram



### 4.1.2 Direct delivery Option – overview

#### 4.1.3 Key advantages

- Establishes DLO as a dedicated resource.
- Values of the DLO mirror those of BHCC.
- Mitigates risk of contractor default/insolvency through greater use of in-house resources.
- Saves contractor profit margin.

#### 4.1.4 Variant Options

- DLO undertakes only limited work types (eg., responsive repairs only).
- Support DLO with EU procurement of insourced private sector expertise.

#### 4.1.5 Key concerns

- Expense of setting up the DLO from scratch (see Section 12 for further information on current gaps and costs for establishing direct delivery service).
- Absence of contractor warranty of work.
- EU procurement of subcontractors/suppliers limits flexibility and supply-chain savings.
- Limited efficiency savings without commercial motivation of contractors.
- Limited commercial incentives/remedies of improved performance/productivity.

#### 4.1.6 Additional Considerations

- **Administration** – Opportunity for simple administration of ordering/payment, but complex administration of DLO itself.
- **Client controls over cost/time** - limited contractual controls at first tier level, so efficient cost/time management is wholly dependent on DLO management, including integration of multiple second-tier supply-chain members.
- **Financial/managerial commitments** – Significant direct investment required, particularly if establishing new "from scratch" (ie BHCC has not had an internal workforce before in relation to the wider repairs and maintenance works) and in resourcing this with appropriate management.
- **Budget management** - Significant demands on BHCC as regards all aspects of contract and budget management subject to obtaining external consultancy support, either permanently or during transitional process.
- **Flexibility** – Flexible redeployment of employees according to needs of BHCC, subject to employee rights and agreement of needs/priorities, but no flexibility to award work according to performance.
- **Improved Sustainability** - Limited opportunities to improve sustainability through re-engineering of contracts awarded, as subcontractors/suppliers/sub-consultants will need to be engaged direct by DLO under EU-compliant processes.
- **Opportunities to drive improved sustainability** dependent on internal management and through establishment of long-term relationships with second-tier supply-chain members.
- **Innovative/tried and tested** – Varied client experience of DLOs, heavily dependent on strength of DLO management. Potential for

innovation in the structure of the DLO to integrate provision with any external contractors appointed for planned works. Potential for further innovation in the DLO second-tier supply constrained by need for series of EU procurement exercises.

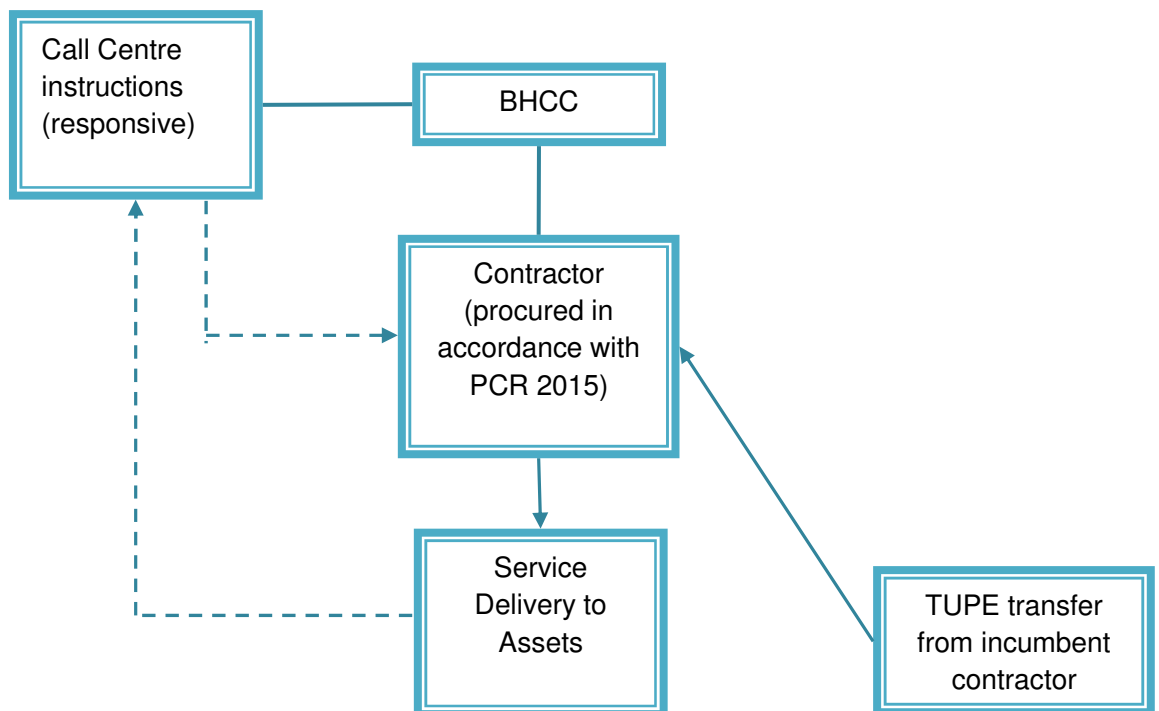
- **Integration and consistency** – Requires integration of new management structure that will be required by BHCC and workforce inherited from current contractors, plus procurement of current DLO supply-chains.
- **Market response** – DLO Option means no engagement of first tier contractors. Second tier subcontractors/suppliers/sub-consultants will be accustomed to dealing with DLOs and should respond positively to appropriately packaged works and services. Potential for improved engagement with/increased responsiveness from some second-tier subcontractors/suppliers/sub-consultants to opportunities under long-term contracts.
- **Number of contractors** – No first tier contractors. Significant number of second-tier subcontractors/suppliers/sub-consultants.
- **Responsibility for employees** – Full client responsibility for employees including those inherited from current contractors.
- **Warranty of work** – Partial warranty available only from second-tier supply-chain members, and therefore fragmented.

#### 4.2 **Option 2: Outsourcing**

This Option involves the appointment of external contractors for the works under arms-length contracts, according to agreed scope as successors to the current contract. Variants on a theme would comprise a form of partnering contract or an amended form of standard contract to include partnering provisions or a more "traditional" form of standard term contract. The key differences between the partnering and traditional approaches are explained and discussed below and are highlighted in **Annex 3** (Comparison of standard forms of Term Contract).



#### 4.2.1 Diagram



#### 4.2.2 Outsourced Option - overview

- EU procurement of one, two or more contractors, divided on basis of scope (to be confirmed).
- All planned/cyclical/responsive works undertaken by contractors.
- Subcontractors/suppliers procured by contractors (non-EU) and reviewed/shared as appropriate.
- Current contractor staff TUPE transferred to new contractors.
- Potential co-operation of contractors through alliance with ability to award more/less work according to capacity/performance.
- Performance-based extension of contract.

#### 4.2.3 Key Advantages

- Full contractor warranty of work ("single point responsibility").
- Commercial incentives for contractor to improve performance/productivity.
- Commercial motivation and potential for supply-chain savings/efficiencies – compatible with open-book pricing approach.
- Investment/commitment of contractors to large-scale contracts.

#### 4.2.4 Variant Options

- Different contractors appointed for planned works and for cyclical/responsive works.
- Potential later evolution to establish Joint Venture or to bring workforces into Wholly-Owned Subsidiary.

#### 4.2.5 Key Concerns

- Alignment of contractor values with those of BHCC (eg profit versus performance).
- Capacity/capability of contractors to undertake large-scale contracts and deliver promises.
- Less direct influence over resident opportunities/achievement of added value.

#### 4.2.6 Additional Considerations:

- **Administration** – Contract management will be required in respect of each external provider. The larger the numbers of contractors appointed, the greater the challenges for integrating management of their performance.

Extent of contract administration will also depend on the cost model adopted. Administration of a schedule of rates or a full open-book approach is much more intensive than, for example, a price per property or annual price approach.

- **Client controls over cost/time** – The extent of the controls available to BHCC will depend on the contract type and duration. If contractors have invested in a long-term contract in line with BHCC's delivery model, then controls can be created through regular performance reviews and measurement of performance against clear targets. Thereby, there is a contractual incentive for contractors to improve performance and deliver agreed goals.

Additional controls can be exercised through choice of particular types of contract and these are particularly prevalent in "partnering" type contracts (such as BHCC's current contract with Mears), for example those that require:

- Programmed processes that BHCC can monitor over the duration of the contract.
- Early warning of problems and reference to a core group of client attendance.
- Advance evaluation of change.

- Advance evaluation of risk management.
  - Transparency of prices.
  - Client access to second-tier supply-chain arrangements.
  - Alternative dispute resolution.
- **Financial/managerial commitments by BHCC** – There is no capital investment required in contracts with external contractors or delivery partners, nor any client management input to a vehicle through which the works are delivered. BHCC's commitment will be linked directly to the extent of contract management and the coordination and integration of the contracts awarded to different contractors according to work type.
  - **Flexibility** – Flexibility can be achieved through capacity and performance-based reallocation of work and other contractual processes, for example under an alliance agreement signed by all contractors (eg planned and responsive).
  - **Innovative/tried and tested** - Appointment of external contractors is a tried and tested approach with opportunities for innovation. The marketplace will expect to respond to this model, although it is arguable that contractors have become complacent as to their obligation to deliver promises made at tender stage.
  - **Integration and consistency** – Whatever the number and range of contractors appointed, BHCC will have the opportunity to develop its own standard as the basis for procurement and to seek consistent specifications across new-build and existing homes. The extent to which there are variations from this standard to reflect the requirements of particular stock or other variable requirements will be a function of contract management. Management of these variables will be important so as to maintain the benefits of a common supply-chain across the appointed contractors and the economies that will come with the increased buying power that this creates.
  - **Market response** – Contractors are familiar with mid- to long-term contracts and the responsibility they will assume on a long-term basis. They are sometimes not familiar with the requirement for programmed improvements over the life of a long-term contract, and the machinery necessary to drive this and maintain motivation will need to be carefully considered and communicated during the procurement exercise and the formulation of the relevant contracts.
  - **Number of contractors** –The optimum number of contractors will attract maximum investment in/commitment to the Programme, while maintaining some element of ongoing competition to incentivise improved performance.

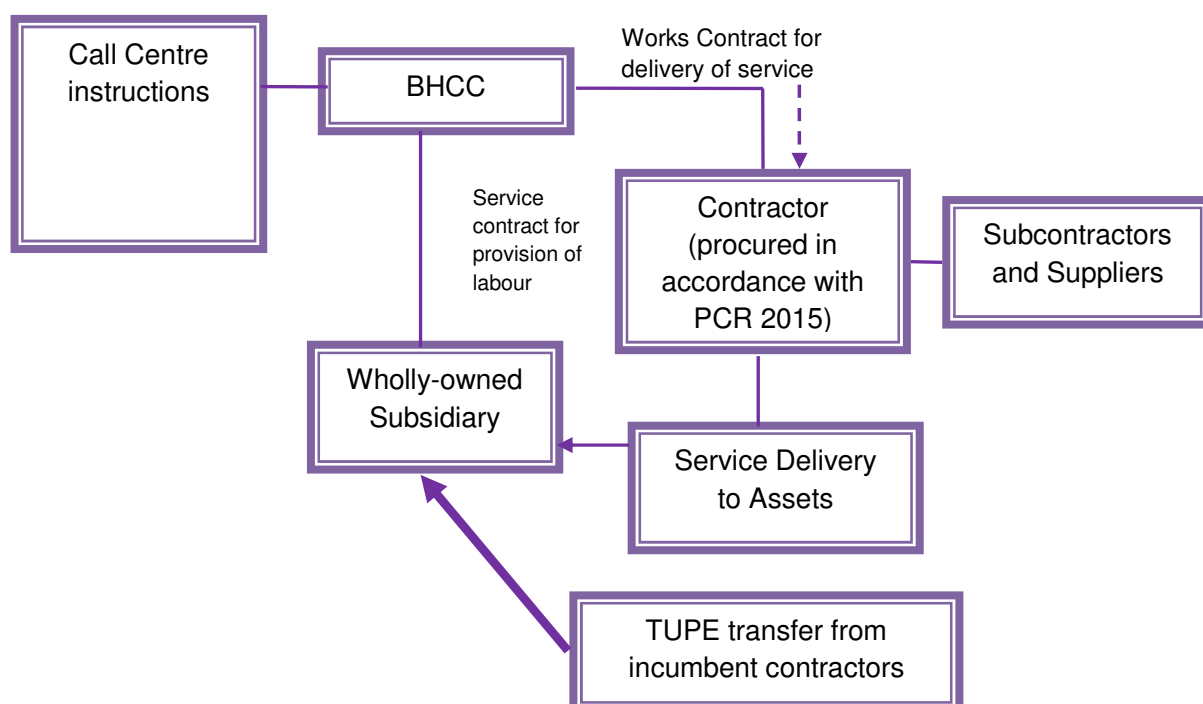
- **Responsibility for employees** – Under external delivery, the contractor will be wholly responsible for its employees, including those inherited from the outgoing contractors.
- **Tax**– we would expect that the VAT currently charged by the contractor is fully recoverable by BHCC if it falls within the following HMRC guidance: "providing domestic accommodation to people seeking housing (normally on a list maintained by the authority) or dispose of properties under the 'right to buy' legislation.... This is regardless of circumstances and whether they are acting under any special legal regime applicable to them".
- **Warranty of work** – The strength of the contractor warranty will be dependent on the terms of the relevant contracts. This model does not involve any dilution of that warranty.

### 4.3 Option 3: Wholly-Owned Subsidiary (and Managed Service)

This is an innovative option where employees are engaged by BHCC but treated as part of contractor's supply-chain and managed by the contractor. This Option is established in the competitive market as a means to improve employee loyalty and client controls, to minimise impact of contractor insolvency and to preserve the contractor's warranty of the workforce (which is more limited under the Managed Service Option).

The key difference between the Wholly-Owned Subsidiary Model and the Managed Service model tends to be the limited contractor warranty and liability under the latter model: under the Managed Service Option, the contractor will not assume "single point responsibility" and will generally not be responsible for the productivity levels of the Subsidiary employees/cost overruns etc.

#### 4.3.1 Diagram



#### 4.3.2 **Wholly-owned Subsidiary Option - overview**

- Creation of Wholly-owned BHCC Subsidiary to provide workforce for all planned/cyclical/responsive works.
- Current contractor staff TUPE transferred to Wholly-owned Subsidiary.
- EU procurement of external contractor(s) to undertake all planned/cyclical/responsive works using Subsidiary workforce.
- Subcontractors/suppliers procured by contractors (non-EU) and reviewed/shared as appropriate.
- Performance-based award/extension of contracts.

#### 4.3.3 **Key Advantages**

- Maintains full contractor warranty of work (NB: this would be diluted under the managed service model).
- Commercial incentive for contractors to improve performance/productivity (again, this would be diluted under the managed service model).
- Mitigates risk of contractor default/insolvency by bringing workforce "into" BHCC.
- Commercial motivation and potential for supply-chain savings and efficiency savings (more limited under the managed service model).
- Investment/commitment of contractors to a large-scale contract.
- Scope to create resident opportunities through subcontractors/suppliers and direct influence over the same.

#### 4.3.4 **Variant Options**

- More than one Wholly-owned Subsidiary for workforces of different work types (eg one for responsive repairs one for planned works).
- Wholly-owned Subsidiary only for cyclical/responsive workforce.

#### 4.3.5 **Key Concerns**

- Alignment of contractor values with those of BHCC.
- HR responsibility for Subsidiary employees will require robust management and incentivisation.
- Capacity/capability of contractors to undertake large-scale contracts and deliver promises.

#### 4.3.6 Additional Considerations

- **Client controls over cost/time** – Offers cost transparency as to employee costs, but need for clear contractor incentive to ensure productivity of Subsidiary employees.
- **Financial/managerial commitments** – Capital investment in Subsidiary should not be significant as it can share existing systems of BHCC (although note above regarding direct delivery and IT requirements). Need to align with BHCC's financial structure. Managerial commitment should also be relatively limited as Subsidiary does not involve shared management with private sector partner (as with the JV Model).

Most significant BHCC resource will be from HR in managing the interface between Subsidiary responsibilities as "employer" and contractor responsibilities for operational management.

- **Flexibility** – Potential flexibility in redeployment of BHCC Subsidiary employees if contractor agrees to supplement workforce as required and/or take secondments for other purposes, subject to employee rights.

Greater flexibility in event of contractor breach/insolvency as workforce remains within BHCC group.

- **Improved Sustainability** - Access via contractor to re-engineering of second-tier supply-chain to drive further savings/efficiencies and to address improvements in sustainability beyond those established at tender stage.
- **Innovative/tried and tested** - Previously seen as an innovative model but now accepted as a bona fide delivery Option in the current marketplace (although reduced number of contractors with demonstrated experience of this model). It addresses the risk of contractor insolvency, creates transparent structures that enable cost savings and preserves strong contractor warranty.
- **Integration and consistency** – Requires coordinated approach to integrate the workforces engaged by current contractors. More than one Subsidiary (eg one for planned and one for responsive) would impact on consistency (see below for "number of contractors").
- **Market response** – Will not be familiar to all contractors, but significant number of medium and major players are willing to adopt this approach. Extent of contractor commitment can be tested through procurement under Competitive Dialogue (NB. The Restricted Procedure is unlikely to be appropriate).
- **Number of contractors** – Subsidiary can serve more than one contractor, but would create tensions as to priorities in deployment of workforce and would need careful management.

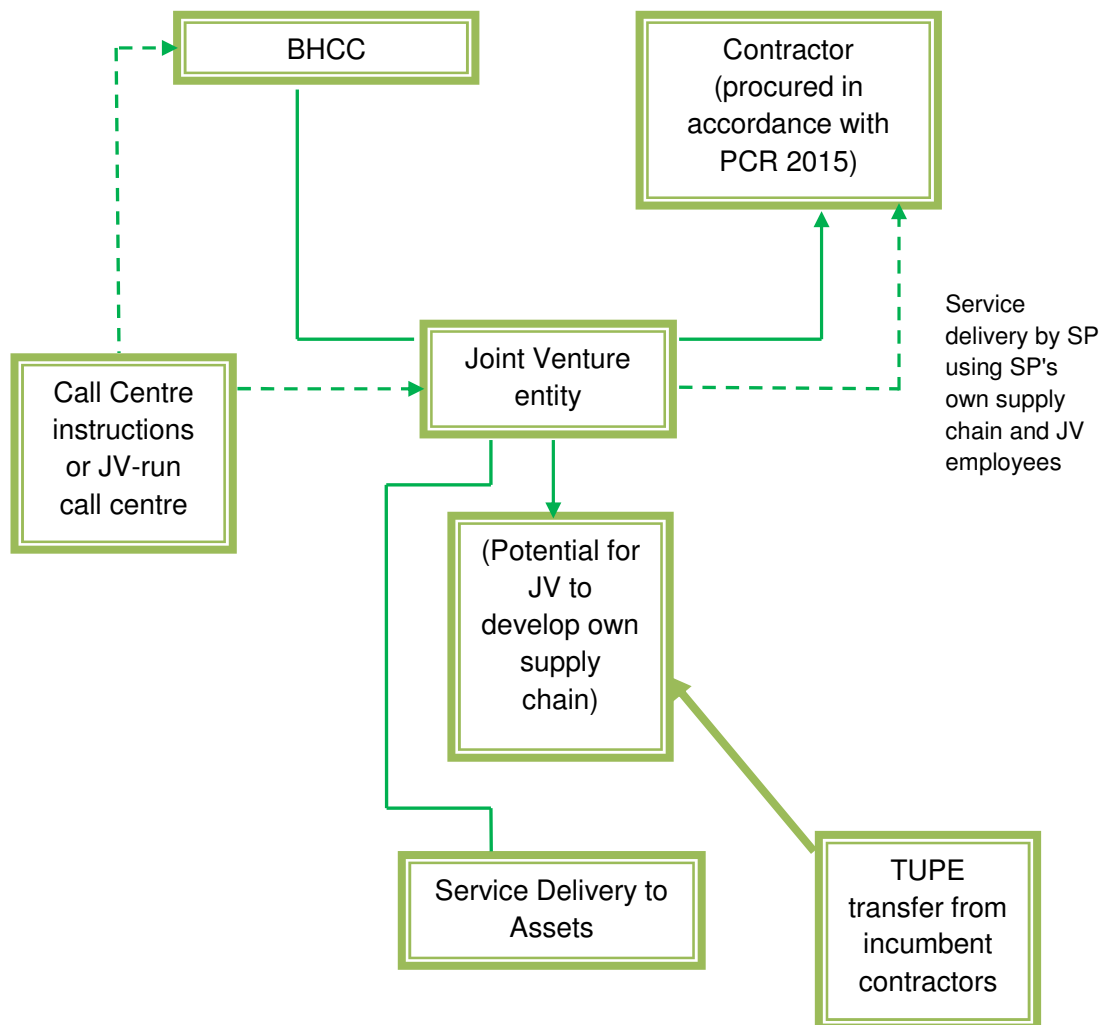
Not advisable to create multiple Subsidiaries unless justified on delivery grounds (eg due to work splits).

- **Responsibility for employees** – Employees are engaged and paid by Subsidiary, but contractual arrangements can establish operational responsibilities of contractor that include a wide range of employee matters.
- **Tax** – the overall VAT position would be the same as under Option 2. There is the likelihood of some corporation tax payable as the Subsidiary would be deemed to receive an arm's length price for its services which would be subject to corporation tax. The Subsidiary may be able to claim mutual trading status which would mean no corporation tax is payable. If BHCC was leasing office space to the Subsidiary then we would expect that the Subsidiary would be able to claim SDLT group relief if it is a company limited by shares.
- **Warranty of work** – Contractor's administration of separate contracts between BHCC/Subsidiary would enable BHCC to expect contractor to preserve full warranty of work as if employees were part of its own supply-chain.

#### 4.4 **Option 4: Joint Venture Option**

This is an innovative option whereby BHCC and its appointed contractor would jointly deliver works or certain resources through a jointly-owned entity. This Option is effective as a means to improve employee loyalty and client controls, to minimise impact of contractor insolvency and to preserve the contractor warranty of the workforce.

#### 4.4.1 Diagram



#### 4.4.2 Option 4: Joint Venture Option - overview

- EU procurement of private sector Joint Venture partner.
- All planned/cyclical/responsive works undertaken by Joint Venture.
- Current contractor staff TUPE transferred to Joint Venture.
- Performance-based award/extension of Joint Venture contract.

#### 4.4.3 Key Advantages

- Aligns contractor values with those of BHCC.
- Commercial incentive for Joint Venture to improve performance/productivity.
- Mitigates risk of contractor default/insolvency by bringing workforce and supply-chain into BHCC control (depending on shareholding of JV).
- Investment/commitment of contractor to Joint Venture.



- Opportunities for third party business.

#### 4.4.4 **Variant Options**

- More than one Joint Venture reflecting different types of work awarded.

#### 4.4.5 **Key Concerns**

- Mixed Joint Venture (BHCC and contractor) warranty of work.
- Management expertise/resource required for Joint Venture (by both BHCC and contractor).
- EU procurement of subcontractors/suppliers limits flexibility and supply-chain savings.
- Capacity/capability of contractor to undertake Joint Venture and deliver promises.

#### 4.4.6 **Additional Considerations**

- **Administration** – Increased administration of the Joint venture entity, given BHCC's involvement in the ownership and management of the Joint Venture. In terms of contract administration: reduced client administration depends on the cost model. For example, price per property or maximum price per annum models significantly reduce client administration and can be integrated with the Joint Venture model, if contractor is willing to take responsibility for cost of Joint Venture employees.
- **Client controls over cost/time** – Cost transparency as to employee costs, but need for clear incentives as to employee productivity.
- **Financial/managerial commitments** – Capital investment in Joint Venture could be significant dependent on range of business to be undertaken. Managerial commitment could also be significant in view of shared management with private sector partner. Significant resource will be from HR in managing the interface between Joint Venture responsibilities as employer and contractor responsibilities for operational management.
- **Flexibility** – Potential flexibility in redeployment of Joint Venture employees if contractor agrees to supplement workforce as required and/or take secondments for other purposes, subject to employee rights. Greater flexibility in event of contractor breach/insolvency as workforce remains within the direction of BHCC (assuming a BHCC-led Joint Venture).
- **Improved Sustainability** - Access via contractor to re-engineering of second-tier supply-chain to drive further savings/efficiencies and to address improvements in sustainability beyond those established at tender stage (flexible over lifetime of contract).

- **Innovative/tried and tested** – An innovative model that is being refined to reflect offers emerging in the marketplace, addresses client concerns as to risk of contractor insolvency, creates transparent structures that enable cost savings and shared contractor warranty (in support of Joint Venture). Also enhances the opportunities for third party business.
- **Integration and consistency** – Joint Venture structure would operate across BHCC's stock to support consistent integrated approach.
- **Market response** – Will not be familiar to all contractors, but significant number of major players will be willing to adopt this approach. Extent of contractor commitment can be tested through procurement under Competitive Dialogue (NB: the Restricted Procedure would not be appropriate here).
- **Number of contractors** – Due to initial cost and investment, not advisable to create multiple Joint Ventures unless justified on commercial grounds, but is possible, if desired (eg if BHCC wanted separate JVs to cover .
- **Responsibility for employees** – Employees are engaged and paid by Joint Venture, but contractual arrangements can establish operational responsibilities of contractor that include a wide-range of employee matters.
- **Tax** – the tax position is the same as under Option 3 although there is no possibility of claiming mutual trader status and no possibility of claiming SDLT group relief if BHCC owns less than 75% of the shares of the Joint Venture.
- **Warranty of work** – Shared warranty of work by BHCC/contractor through Joint Venture.

#### 4.5 **Mixed-market economy**

Given the mix of work to be procured by BHCC, it may be that it seeks to adopt a mixed-market economy and seeks to (for example) use a direct-delivery solution for the client function for the planned works (eg. strengthen the current client capability in-house so that BHCC can survey homes, scope planned works programme, compile a programme budget, consult tenants and leaseholders, establish and monitor value for money etc.) and/or for a portion of the repairs and maintenance works to be undertaken (eg on particular estates or in well-defined areas of the City), alongside an outsourced solution (either via Options 2, 3 or 4) for the remainder of the repairs and maintenance works and planned works. It should also be noted that framework agreements can be set up with one or many contractors, with the latter bringing the benefit of BHCC being able to move work around its framework contractors in the case of non-performance.

A mixed-market economy would allow BHCC to implement works-specific procurement solutions. It is unlikely that the achievement of an overall value for money solution would be undermined by adopting a mixed-market approach. Potentially, splitting out repairs and maintenance works from planned works could improve VFM if the planned work is properly programmed over a longer term, allowing economies of scale and efficiencies of delivery

to be achieved. The relevant contractor marketplace will deliver and price those works accordingly and will not cross-subsidise (eg) the repairs and maintenance works (delivered via TUPE'd and directly employed staff) through the planned works (usually delivered via sub-contractors and arms-length supply-chains) at the point of tender.

## 5 **Vires issues**

This section of the report explores vires considerations for each of Options 3 (Wholly Owned Subsidiary/Managed Service models) and 4 (Joint Venture model), where either a company limited by guarantee or limited by shares will need to be considered. A full analysis of vires issues in relation to Options 3 and 4 is set out in **Annex 1** of this Report.

## 6 **Tax position**

6.1 As a general comment, the tax position is broadly comparable across all of the Options and therefore we would not expect tax to heavily influence which Option is chosen.

6.2 In relation to VAT, the VAT should be fully recoverable if it relates to the provision of domestic accommodation to people seeking housing (normally on a list maintained by the authority). Therefore, if that is the case, BHCC should be able to recover VAT charged by the contractor under Option 2, by the Subsidiary under Option 3 and by the joint venture company under Option 4. Under Option 3, the Subsidiary should be in a full VAT recovery position as should the joint venture company under Option 4 and so we would not expect VAT to be an absolute cost under any of the Options. If VAT is not fully recoverable by BHCC then the VAT cost will be broadly the same under each of the Options.

6.3 In relation to corporation tax under Option 3, we would not expect this to be a material cost which would prevent this Option from being implemented, but advise that some modelling should be undertaken. The Subsidiary would be deemed to receive an arm's length price for the services it provides to BHCC and this would form part of its taxable profit for corporation tax purposes. The Subsidiary would be able to deduct various costs in calculating its taxable profit (e.g. staff costs, any rent). The corporation tax rate is currently 19% (reducing to 17% from 1 April 2020). It may be possible to claim mutual trader status which means no corporation tax would be payable although this can be commercially restrictive and is unusual. It would be difficult if the Subsidiary was a company limited by shares. Therefore, we would advise that clearance from HMRC is sought before relying on mutual trader status being available.

6.4 In relation to corporation tax under Option 4 (Joint Venture), the position is the same as under Option 3 (WOS and Managed Service) although there would not be any possibility of claiming mutual trader status.

6.5 In relation to stamp duty land tax (**SDLT**) under Option 3, we would expect SDLT group relief to be available on any land transactions between BHCC and the Subsidiary (e.g. leasing warehouse space) if the Subsidiary was a company limited by shares (but not if it was a company limited by guarantee). It would also not be available under Option 4 if the joint venture company was less than 75% owned by BHCC.

6.6 Under Options 3 and 4, the Subsidiary (in the case of Option 3) and the joint venture company (in the case of Option 4) would have various tax compliance obligations. This would include filing corporation tax returns, VAT returns and PAYE returns.

## 7 HR/Employment issues arising

- 7.1 The existing repairs and maintenance service is delivered by one contractor. Whichever of the proposed Options is adopted, it is likely that the Transfer of Undertakings (Protection of Employment) Regulations 2006 (**TUPE**) will apply to those employees of the existing contractor where there is an organised team delivering those services and the employee are assigned to that group of employees whose principal purpose is the delivery of the services to BHCC.
- 7.2 Those employees who are subject to TUPE, and who do not object to transferring, will transfer to any BHCC direct labour entity (DLO), newly appointed contractor, wholly owned subsidiary or joint venture vehicle. The employees will transfer on their existing terms and conditions of employment, and with the benefit of all rights and obligations associated with their employment, other than in connection with an occupational pension scheme, except in certain circumstances where employees have membership of a public sector pension scheme. Changes to transferring employment terms will only be permissible in limited circumstances. The cost of transferring employment costs will be critical to the contract price that BHCC will need to pay to the new contractor. That new contractor will inherit all liabilities under the contract, whether known or not, and this risk will be priced for. In addition a tender may be predicated on changes being made to transferring terms, but if so it is likely that the associated risks of legal challenge would be factored into the price. For this reason although a private sector partner will be able to offer more competitive labour costs than BHCC itself could offer if it required to accept significant legal risk the savings may be less than expected. It is worth considering if there are indemnities from the existing contractors which could be relied upon by the new contractor which could help mitigate these risks and reduce costs. This may influence tender prices submitted during any tender process, or negotiated afterwards.
- 7.3 Depending upon the manner in which the current services are delivered, there may be circumstances in which TUPE does not strictly apply by operation of law, even though the employees of the existing contractors are engaged in delivering services for BHCC. This may arise if employees have been deployed over several contracts and this may also be relevant if more than one new contractor is appointed, when it may be possible to show that a service has fragmented so that it is impossible to map where any one employee's role has transferred to. This is unlikely to be relevant here however, unless within the leisure procurement a decision is taken to individually contract elements of the service.
- 7.4 There are restrictions imposed by TUPE on the ability of any new contractor, whether an outsourced third party or a wholly owned subsidiary/joint venture entity, to make changes to employees' terms and conditions or to dismiss employees by reason of a TUPE transfer. There is an exception in circumstances where there is an economic, technical or organisational (**ETO**) reason entailing a change in the numbers or function of the workforce. In the absence of such a reason, changes are likely to be unenforceable, and dismissals will be automatically unfair. Significantly the fact that current pay and benefits are not competitive in terms of the local market is not an ETO reason in most cases because there is no change to the numbers or functions of the workforce. A new contractor may be able to take on new staff on different terms and conditions but it is important to be wary of the savings which may be readily achievable in terms of transferring employees.

- 7.5 It should be noted that a new employer will also inherit trade union recognition and where there is both a recognised trade union and collective agreed terms incorporated into employees contracts, for example green/red book terms, there can be further hurdles to achieving any change of contract terms in light of the protection for collective agreements found in trade union legislation. Accordingly if a new contractor bases a tender on achieving significant employment cost savings it is appropriate to assess the feasibility of the legal and HR assumptions underpinning that tender, especially if it is the tender is based on risk sharing with BHCC.
- 7.6 If there is an ETO reason entailing a workforce change, or if changes are not by reason of the transfer, they may be implemented under normal principles. This would require employees either to have agreed to the new terms (but note comments above), or to have been dismissed and re-engaged. In the latter case, employees may be able to advance claims of unfair dismissal. (However, such a dismissal may trigger pension strain if the employee is over 55 and pensions costs must be considered). Any such claims may be capable of being defended if there is a legitimate business reason for the changes, and employees have been fully consulted with.
- 7.7 Furthermore, the full and fair consultation process which must be undertaken may include statutory obligations in relation to timing. If the proposals affect 20 or more employees within one establishment, collective consultation must begin at least 30 days before the first dismissal is to take effect; 45 days before if there are more than 100 affected employees. Consultation can now commence before transfer if certain conditions are met, but notice of dismissal must not be served until after transfer.
- 7.8 If employees transfer to a wholly owned subsidiary or joint venture entity (rather than an independent third party contractor), BHCC must be mindful of the potential for equal pay comparisons to be drawn between employees of BHCC and the new entity.
- 7.9 The law on equal pay is set out in the Equality Act 2010. A cross employer comparison is possible under the Equality Act if services are to be delivered by a wholly owned subsidiary if the employees are to be employed on the same terms and conditions (in a broad sense) to BHCC employees employed, quite likely if the employees transferred out of BHCC and terms and conditions have been preserved. In any event running in parallel to the UK Equal Pay Legal Framework is Article 157 of the Treaty on the Functioning of the European Union (formerly Article 141 of the EC Treaty) which has direct effect and which sets out the principle of equal pay for male and female workers if there is a single body is responsible for the inequality which can restore equal treatment. This is complex area and more detailed legal advice may be required but at this stage it is important to stress that there can be hurdles to achieving more market based terms and conditions of employment beyond simply TUPE. The law on equal pay is designed to prohibit differences in pay and benefits because of sex. If employees identify appropriate comparators, who are treated differently, it will necessary for the employer to advance a "genuine material factor" defence to an equal pay claim. Such a defence will need to demonstrate that the difference in pay is not by reason of the difference of sex, or, if the reason is tainted by discrimination, that it is objectively justified. Where differences in terms arise because of protection under TUPE, such a defence can ordinarily be advanced.
- 7.10 BHCC can manage the risk of an equal pay comparison arising out of the differences in terms and conditions between BHCC and any subsidiary by giving the subsidiary or JV

vehicle complete authority (subject to complying with TUPE) to make decisions about its respective terms and conditions for their employees so that BHCC does not have the power to "rectify" any differences in terms should one arise. This will provide the basis for a defence to any claim arising out of a "single source" argument and ensure that any changes to terms and conditions are supported by a fully developed business case with reasons which are not gender or gender-related.

## 8 Pensions issues arising

Each of the Options will require BHCC to consider any pensions liability in relation to the employees engaged in providing the services. A full analysis of the pensions implications for each Option is set out in **Annex 2** of this Report.

## 9 Form of Delivery Contract

9.1 To deliver the proposed programme via an external contractor, BHCC has two main options in terms of the type of contract:

9.1.1 Term Contract: This would involve BHCC and the selected service provider entering into a form of term contract, probably based on one of the industry standard forms. Term Contracts can be entered into for an unlimited period of time, subject to BHCC being able to demonstrate best value and any other requirements of its standing orders or internal procurement policy; or

9.1.2 Framework Agreement: This would comprise BHCC and one or more selected service providers entering into a framework agreement, which would establish the terms and conditions and prices under which BHCC could award individual works contracts to a selected service provider during a 4 period. Framework Agreements need to contain details of how contracts could be awarded: this is usually by direct selection of the service provider who ranked 1<sup>st</sup> in the tender exercise to set up the Framework Agreement, or via re-opening competition to all service providers who are capable of performing the works. It would also need to contain the terms and conditions of any delivery contract entered into, and the service provider's tendered prices for delivering the works. Framework Agreements are limited under the Public Contracts Regulations 2015 to 4 years' duration, though it is possible to award contracts that extend beyond the four year term.

9.2 If BHCC chose to select a Framework Agreement for the repairs and maintenance works too, this would mean that Options 3 (Wholly Owned Subsidiary/Managed Service) and 4 (Joint Venture) would be difficult to achieve.

9.3 Regardless of the choice of Term Contract or Framework Agreement, it will be important for BHCC to ensure that the specifications and prices governing the responsive repairs can be called off by BHCC by way of a "menu" of specific works (i.e. that BHCC can instruct both the responsive and planned works by reference to quoted and agreed prices) rather than by a further iterative process necessary to develop the brief and price for each project/task/element of work. Where a term contract is used, if there is insufficient clarity in that contract as to the nature of the works and their prices, then the new contracts would be treated legally as framework agreements and potentially subject to a 4 year limit and/or a challenge in respect of any attempt to create a longer term contract.

- 9.4 Under outsourcing (Option 2) or in a Joint Venture (Option 4) or Wholly-owned Subsidiary (Option 3), the contractor will invest significantly in its relationship with BHCC. In Option 4, the contractor is likely to forego a significant proportion of its profit so as to satisfy the structural requirements. It will therefore be fundamental to the contractor to have a long-term relationship with BHCC and the duration of the contract and related break clauses should reflect this. Clearly, once the maximum duration of that contract has expired, BHCC will need to undertake a further regulated procurement exercise and the contractor/Joint Venture partner will be put back into competition.
- 9.5 To facilitate effective contract management and control, the contracts used to implement the responsive and planned works under any Option should include the features set out below. It should be noted that these features are primarily associated with a "partnered" approach to contracting, although all or any of these features could be added to more traditional approach or form of term contract. The suggested features are:
- 9.5.1 a mobilisation period under which the contract is awarded on a conditional basis while the selected contractor prepares its workforce and equipment so as to be ready to take over on a designated date from the outgoing contractor (this assists in TUPE/IT and other practical arrangements);
  - 9.5.2 an open communication system with a "*core group*" of key individuals monitoring performance and troubleshooting problems, linked to an early warning system bringing issues to the notice of BHCC at the earliest opportunity;
  - 9.5.3 clear and simple KPIs with systems for measuring/reviewing performance linked to incentivisation so as to reward improved performance such as cost savings, reduced time on site, reducing accidents, reduced defects and improved resident satisfaction (whether by extension of the contract term and/or by additional payment);
  - 9.5.4 provisions for advance evaluation of change and exclusion of profit and overhead from any change claims so as to avoid misunderstandings and disputes;
  - 9.5.5 provisions governing development of improved working practices so as to minimise BHCC's need to commit its own resources to the programme;
  - 9.5.6 systems for non-adversarial problem-solving and dispute avoidance; and
  - 9.5.7 A contractually binding timetable governing deadlines for both mobilisation activities and ongoing implementation of the Programme including measures to achieve improved processes.
- 9.6 Prior to any procurement process proceeding, we would recommend that BHCC identifies its preferred form of contract(s) for both the responsive and planned works. The selected form of contract will need to be set out to bidders as part of the procurement procedure and will need to be aligned with both the agreed specifications and the chosen cost model.
- 9.7 In **Annex 3** of this Report, we have enclosed a comparison of forms of contracts to provide BHCC with an overview of the features of the different suites of standard form contracts (adopting both a partnered and a traditional approach).

9.8 Once any form(s) of Term Contract have been adopted, BHCC staff will need to be fully trained in the selected forms in order to achieve a single approach to contract management, in-depth awareness of all the client controls provided by the contract and all of the processes set out in the documents, even if they are familiar with the selected form(s) in order to achieve a standardised approach to the relevant works. If Option 1 (Direct Delivery) is selected, we would recommend that the service level agreement also adopts the key features of the selected form(s) of contract (or the SLA is in the form of the contract itself) so that the client-side asset management team is dealing with all contractors on an identical basis.

## 10 **ICT, call centres and data governance issues**

### 10.1 **General comments**

10.1.1 ICT can broadly be split into a requirement to support three functions:

- i Works ordering and completion: The systems to support the diagnosis and logging repairs, reporting of works, logging of work completions and processing of payments; and
- ii Stock information: The systems to hold stock records and identify future work requirements and completions; and
- iii Works management: The systems to support the logging of repair details, dynamic work scheduling, resource allocation, mobile working and progress updates, capture pricing information and invoicing.

10.1.2 In addition there is a requirement for systems to support HR and Finance needs. These are likely to be present within the existing client operation so we do not focus on these requirements in this Report.

10.1.3 Under Option 1 there will be a requirement for BHCC to have the ICT systems to support all three functions listed above. This is likely to result in a significant ICT investment if Option 1 is selected. We are aware that there is a project underway to replace the core housing ICT systems but it seems unlikely that this would cover the works management function at this stage. Consideration would need to be given to the extent to which the procurement of the new housing ICT system could provide the necessary works management functionality. Whilst such functionality is available in some core housing systems it does not always meet the full requirements of maintaining an efficient DLO.

10.1.4 In outsourced models the works management systems will be contractor-owned and typically the data and works ordering systems will be client owned. That said, there are a number of outsourced models where contractor systems are utilised, either in full or in part, to support these requirements. We understand that this is the case for the current BHCC contract.

10.1.5 For Option 3 (Wholly Owned Subsidiary/Managed Service) and 4 (Joint Venture) there is no typical approach and the use of ICT systems should be dependent upon finding the solution that best meets objectives. In any model where there is the involvement of an external contractor it is likely that that



contractor will have ICT to support some or all of the functions identified above. The use of existing contractor systems can help to reduce mobilisation and overhead costs. However, care needs to be taken to ensure that the systems are fit for purpose and that BHCC has appropriate access. There also needs to be appropriate mitigation of the risks associated with losing access to the systems at the end of the term. There are a number of issues around data in third party systems and some of these are discussed further below.

- 10.1.6 In our experience, while contractors often have strong works management systems, the quality of systems for works ordering and stock data is more varied. Where stock data, and particularly stock condition data, is held externally the risks associated with a single party identifying work requirements and subsequently undertaking them are amplified. Where external works ordering systems are utilised there is a risk that social objectives, including digital inclusion and the ability to access services electronically, become more difficult to achieve.
- 10.1.7 Whatever the ownership of the ICT systems it is essential that BHCC maintains the ability to interrogate and extract appropriate data from them. This is discussed further in the data section below.

## 10.2 **Call Centres**

- 10.2.1 There are a number of options for the handling of calls. These include a client hosted generic call centre, a client-hosted repairs specific call centre, a contractor hosted call centre or a third party call centre. We understand that under BHCC's current arrangement the call centre function is managed by the contractor.
- 10.2.2 There are a number of advantages to such an arrangement. These include:
- (a) Greater repairs specific skills and experience;
  - (b) Co-location with works planning and trades teams; and
  - (c) Better understanding of the contract requirements.
- 10.2.3 However, there are also a number of risks including:
- (a) Focus on the contractor's commercial objectives;
  - (b) Resource conflict between multiple contracts;
  - (c) Failure to embrace the clients service ethos; and
  - (d) Inability to deal with wider customer requests.

In our experience, clients need to work very closely where there is an external contact centre in place in order to ensure that service meets the required standard. It therefore should not be assumed that an externalised call centre function is free from client involvement or management.

- 10.2.4 The use of a generic call centre to handle repair requests is common in the sector. The key advantages of such an approach are around cost and efficiency. Smaller providers in particular may find that a repairs specific call centre could not achieve critical mass. The risks associated with generic call centres centre around lack of specialist knowledge resulting in unnecessary or inaccurate repair requests. The impact of this can be additional cost or poor customer service. In our experience, generic call centres that successfully handle repairs requests are usually backed up by strong technical support. This can be delivered through a combination of access to skilled technical resource and appropriate ICT systems.
- 10.2.5 In our experience it is important that, regardless of which party takes responsibility for the contact centre, there is an element of co-location between the works planning functions and the call centre. Where there are no or ineffective relationships between call centre and works planning functions, the risk of misdiagnosis and missed appointments are increased. This can result in increased costs and reduced customer satisfaction.

### 10.3 **Data**

- 10.3.1 The data impact of ICT and call centre decisions need to be carefully evaluated. Whilst not the topic of this Report, it is also essential that BHCC meets its requirements in respect of data protection.
- 10.3.2 Where ICT or call centres are provided externally, the risk of clients losing visibility of key data is increased. In terms of repairs, information around work value, volume, content and type are important to enable the client to understand cost and service drivers and challenge efficiency. In addition it may be difficult for a client to competitively retender the service at the end of the term as they will not be able to give the market insight into the requirements.
- 10.3.3 In respect of planned works, information on work completions, warranties and certification is also vital. Where stock condition data is held externally it is critical that BHCC maintains access to this and can export the data to incorporate into an alternative system at the end of the term. In a scenario where stock condition data is held externally, it is particularly important that the risks associated with a single party identifying requirements and subsequently undertaking works are very carefully managed. We have seen examples where providers have effectively lost control of work requirements/programmes as a result of outsourcing without maintaining effective governance.
- 10.3.4 Wherever the data is held, BHCC needs to be able to validate and interrogate it. In our experience this is a common problem where data is held externally. There is a particular risk where data used to calculate performance indicators that measure contractor performance against the contract is held by the contractor. The risk is perhaps greatest where there are incentives linked to those performance indicators.

## 11 **Section 20 (leaseholder consultation) issues**

- 11.1 Leaseholder consultation is an area of risk for BHCC in assessing Options insofar as any Option neglects such consultation or risks leaseholder challenge, for example by reason of insufficient cost information at the point of contractor selection.
- 11.2 Section 20 of the Landlord & Tenant Act and the provisions of the Service Charges (Consultation Requirements) (England) Regulations (the **Service Charges Regulations**) relate to consultation of any tenant whose variable service charges are affected by the costs incurred under the proposed agreements. BHCC is already aware that if it wishes to recover variable service charges from those affected residents it will need to issue appropriate notices to leaseholders, any assured tenants whose variable service charges are affected by the works or services and any recognised tenants' association that represents any of those leaseholders or assured tenants.
- 11.3 Moving forward, if BHCC decides to split the responsive repairs and planned works between two different contracts, it may decide that it does not need to consult on the former contract, if it is not seeking to recover costs for those works via the variable service charge.
- 11.4 Given that any procurement undertaken by BHCC will likely:
- i be procured by BHCC; and
  - ii be procured pursuant to the Regulations; and
  - iii be for an agreement for more than 12 months; and
  - iv have a value over the OJEU thresholds,

We expect that the form of consultation will be that prescribed by Schedule 2 of the Service Charges Regulations.

- 11.5 Schedule 2 avoids nominations of contractors by tenants (because the OJEU notice invites bids from any EU contractor) and allows the creation of a long term agreement ("Qualifying Long Term Agreements" (**QLTAs**)). The advantage of a QLTA is that the landlord does not have to provide more than one estimate for the costs of the works each time a new piece of work is carried out, because the price has been consulted upon at the time the agreement was entered into.
- 11.6 The Service Charges Regulations require that the initial service charges notice (the notice of intention to enter into a qualifying long term agreement) must be issued before the OJEU notice and this will need to be taken into account in the procurement programme.

## 12 **Market Research and Peer Review**

### 12.1 **General comments**

- 12.1.1 In this section we have considered how each of the Options identified at section 4 is being adopted in the sector. We have also provided some observations on the key opportunities and challenges facing organisations under each delivery model.

- 12.1.2 Based on our experience across the sector we would highlight a number of factors that are common to successful delivery regardless of the chosen delivery method:
- (a) A strong client- in particular clearly defining and articulating requirements and performance management.
  - (b) Detailed understanding of future works requirements derived from up to date stock information.
  - (c) Effective packaging of works for efficient delivery.
  - (d) A forum for regular communication between key players who are empowered to make decisions to meet objectives.
- 12.1.3 Innovative work has been done in recent years to establish systems for clients and their contractors to work more closely with second-tier supply-chain members comprising suppliers, subcontractors and sub-consultants. Although the client has no direct contractual relationship with these organisations (unless, in practice, it has an "in-house" DLO performing its Programme rather than a DLO that is a subsidiary of the client), they are responsible for a great deal of the works delivered and related supplies/services and have direct contact with residents and a significant impact on resident satisfaction.
- 12.1.4 Second tier supply-chain members also have the capacity to develop more sustainable products and solutions, as well as to generate employment and training opportunities for residents and others in the local area of the client.
- 12.1.5 Accordingly, systems have been developed through engaging with contractors so as to "*re-engineer*" supply-chain relationships under open-book systems whereby the main contractor/subcontractor relationships are reviewed after the main contractor has been appointed so as to seek savings or additional efficiencies or other added value.
- 12.1.6 Opportunities for working more closely with the supply-chain can generate not only savings and improved efficiencies, but also significant community benefits by way of employment and training and also the nurturing and encouragement of SME businesses in the relevant region and this links in directly to increasing the social value outcomes for BHCC's residents, staff and stakeholders alike.
- 12.1.7 In our view social value objectives can be met effectively under any of the delivery models. In terms of adding social value we would note that clarity around aims and objectives and effectively targeting and monitoring outcomes are more important than the delivery model. That said, there is an argument that contractors in outsourced models have often failed to evidence delivery against social value commitments made at tender stage. Clearly the models where there is most direct control will allow the client the most control over meeting social value goals.
- 12.1.8 It is common to see different delivery models adopted for different work streams, particularly where the volume of work can support a split without impacting on operational delivery. A number of providers of a similar size to

BHCC are effectively delivering services through a range of approaches and can effectively demonstrate the value from each approach. Those considering a move away from an outsourced model are predominantly doing so for repairs and maintenance works. Outsourcing remains the predominant model for the delivery of planned/capital works.

12.1.9 The service could be procured on a basis that would allow the option to progress between delivery models. Typically the contract would commence under Option 2 (Outsourced) with the option to move to Options 3 (Wholly Owned Subsidiary/Managed Service) or 4 (Joint Venture) during the term.

12.1.10 The table below shows the high level cost centres associated with works procurement, mobilisation and delivery. While BHCC will ultimately bear all of the cost it is useful to note how the individual responsibilities vary between the delivery options. Also included is a range of typical set up costs for each model. In our experience set up costs vary greatly. The variation is primarily driven by the extent to which existing infrastructure can be utilised or adapted and the need to restructure the transferring workforce. The examples below are indicative and should be treated with caution at this early stage.

<b>Activity/Cost centre</b>	<b>1) Direct</b>	<b>2) Outsourced</b>	<b>3) Wholly Owned Subsidiary/Managed Service</b>	<b>4) JV</b>
<b>Restructuring</b>	Client	Contractor	Client	JV
<b>Premises Fit Out</b>	Client	Contractor	Contractor/ Either	Either
<b>Premises Rent</b>	Client	Contractor	Contractor/ Either	Either
<b>ICT</b>	Client	Contractor	Contractor/ Either	Either
<b>Vehicles</b>	Client	Contractor	Either/Client	JV
<b>Supply Chain Procurement and Management</b>	Client	Contractor	Contractor/ Client	Either
<b>Procurement and Mobilisation Consultancy (Legal, Technical, Marketing)</b>	Client	Client	Client	Client/JV
<b>Branding</b>	Client	Contractor	Client	JV
<b>Uniform</b>	Client	Contractor	Either/Client	JV
<b>Materials (van stock) &amp; Plant</b>	Client	Contractor	Contractor/ Client	JV
<b>Insurance</b>	Client	Contractor	Both/Client	JV

<b>Staff- Direct</b>	Client	Contractor	Client	JV
<b>Staff- Management</b>	Client	Contractor	Client/Contractor	JV
<b>Staff/Services-Overhead</b>	Client	Contractor	Both	JV
<b>Typical Client Set Up Cost</b>	£1m-1.5m	£100k-£200k	£250k-£500k	£500k-£1m

## 12.2 Option 1

- 12.2.1 The use of DLOs has grown within the sector over recent years, particularly amongst larger housing providers. Among housing associations, the potential VAT saving available on labour has been a key factor in decisions to establish a DLO. For BHCC this is unlikely to be a consideration as VAT should be largely or fully recoverable.
- 12.2.2 There are a number of other reasons supporting the establishment of a DLO and a number of our clients highlight the value from having directly employed staff (who consider themselves part of the organisation delivering the service) as the primary benefit. In addition mitigation of the risk of contractor default/insolvency is another common driver.
- 12.2.3 In our experience the DLOs that have mobilised efficiently in recent years have made appropriate investment in staff and infrastructure at the outset and have often adopted a phased approach to mobilisation.
- 12.2.4 Operating a DLO requires different skills than those typically found in many public sector contract management teams. Where these commercial management skills do not exist, it is common to see ineffective productivity and time management. This is one of the key risks associated with this model. In our experience it is not uncommon to see examples of delivery costs inflated by 20% to 30% in organisations that fail to manage cost and productivity appropriately. Maintaining effective productivity management is therefore a fundamental requirement for successful delivery under this model. Although staff transferring via TUPE should ensure that the new DLO is adequately resourced, the lack of infrastructure and experience places this option in a high risk category as far as performance is concerned.
- 12.2.5 Generally speaking only the most efficient and commercial of DLOs will deliver works at or below current market rates. Amongst the DLOs that do, it is not unusual to see a conflict develop between delivery of service benefits and managing productivity and cost. It is therefore essential that realistic priorities and targets are agreed at the outset.
- 12.2.6 Generally in-house teams incur higher overhead costs than an equivalent private sector contractor as they do not have the same opportunity to spread those costs over a number of contracts.

- 12.2.7 Establishing a supply chain for materials and sub-contractors will require a parallel procurement at the same time as establishing the new DLO and this can prove quite challenging.
- 12.2.8 Responsive repairs remain the most common work stream for delivery via a DLO. It is less common, although not unusual, to see capital works delivered through this route. A clear understanding of requirements is necessary in order to ensure that workflow is adequate to keep the workforce productive. Where there is limited understanding and no regular workflow the result is often increased non-productive time and cost.
- 12.2.9 If BHCC chose to establish a DLO to deliver repairs work then the delivery of the capital programme would still need to be procured. In our experience a concurrent mobilisation can place a strain on resources and increase the likelihood of the risks associated with poor mobilisation materialising.
- 12.2.10 A summary of the gaps that we typically see when a provider moves to a direct delivery model are below:
- (a) Management staff - typically there is little or no experience of direct delivery management amongst existing teams and management staff do not always transfer.
  - (b) Delivery staff - again not all of the required resource may transfer. In addition the resource that does transfer may not fit future delivery plans.
  - (c) ICT - existing ICT systems rarely support direct works management effectively. In the case of BHCC this gap may be bigger as a result of some of the existing ICT being outsourced to the contractor.
  - (d) Supply chain - supplier and subcontractor arrangements are required and will need to be procured. An OJEU compliant process will likely be required.
  - (e) Premises - existing Council premises are unlikely to be able to support the direct works delivery.
  - (f) Vehicles and plant - these are unlikely to be in place and will need to be procured. An OJEU compliant process will likely be required.
  - (g) Processes and procedures - delivery processes and procedures (including risk assessments) will need to be developed. Whilst some may already be in place (for example lone working procedures) the majority are likely to need to be developed.
- 12.2.11 Owing to the extent of the existing infrastructure that could be used, it is difficult to establish the likely investment in mobilising a DLO with great accuracy at this stage. In our experience investment of between £1m and £1.5m are typical to effectively support the establishment of a medium size DLO. ICT investment is typically the largest cost item followed by external support (technical, procurement, legal, financial, marketing). Restructuring costs incurred following

any transfer of staff from the incumbent Service Provider can also be a major cost item but is commonly the most variable.

## 12.3 Option 2

- 12.3.1 Outsourcing, through either partnering or traditional approaches, remains a very common and well understood approach. We continue to see a large volume of works procured and delivered in this way.
- 12.3.2 In our experience the client organisations that provide greatest clarity around requirements/objectives, and have clear and simple performance monitoring systems continue to get the best out of outsourced arrangements. In addition clear pricing frameworks and appropriate incentivisation are common ingredients of approaches that deliver value of money.
- 12.3.3 Where an ongoing element of competition is maintained in an outsourced agreement, this is typically a strength, and can effectively support the delivery of performance improvements and value for money. However care needs to be taken that any mechanism for ongoing competition does not adversely impact the contractor's ability to invest in the relationship and mobilisation.
- 12.3.4 We see a number of outsourced arrangements which suffer as a result of failure to adequately resource mobilisation. In our experience this risk is particularly acute in relation to responsive repairs delivery and the provision of appropriate ICT. It is therefore essential that there is clarity around requirements at tender stage and that the duration of the contract reflects the need for the initial investment. We often observe operations suffering as a result of underdeveloped infrastructure leading to strained relationships.
- 12.3.5 There remains a split in the sector over the extent to which opportunities are divided in to lots. Single service provider models are not uncommon and we have recently worked with a number of providers who have procured works and services on this basis. However, in recent years our experience is that medium to large providers have more often split responsive and planned works under the outsourced delivery model. The expenditure forecasts and size and geography of BHCC's housing stock indicates that a split into Lots would be viable.
- 12.3.6 Whilst not the only option (and we understand in the past BHCC has engaged more than one contractor to deliver responsive works across the city), typically a single contractor model would be quite appropriate for a responsive works contract of this size/geography. The volumes of work orders and scale of work naturally fit into a bracket that would appeal to both national and larger regional contractors, all of whom would be expected to have the right infrastructure to manage such a contract.
- 12.3.7 At an estimated £88.9 million over the first 5 years it appears that the volume of planned works would support a multi contractor approach. The opportunity could be split in to lots (by work type) and, where appropriate, more than one contractor could be appointed a lot. Multi contractor frameworks remain a common mechanism in the sector and have been used effectively to maintain competition and contractor performance whilst providing the Client with more



flexibility than a term contract. Under this model, BHCC would need to ensure that the successful contractor(s) have an appropriate volume/term of work to invest appropriately in delivering the opportunity. Additionally, splitting works into specific lots that reflect the tenant/leaseholder mix can help ease leasehold consultation and aid recovery of costs.

#### 12.4 **Option 3 (Wholly Owned Subsidiary/Managed Service)**

- 12.4.1 The Wholly Owned Subsidiary/Managed Service model is perhaps the least common of the approaches outlined in this Report. There is, however, a growing interest amongst providers. This is driven primarily by the potential tax benefits and mitigation of the risks associated with contractor default/insolvency. Whilst the tax benefits are unlikely to be a key issue for BHCC (given the likely ability to largely or fully recover VAT) the potential to achieve some of the benefits of having a DLO, without all of the infrastructure and commercial management requirements, can be particularly attractive. As a result of recent high profile contractor failures the potential to mitigate the risks associated with contractor insolvency is regularly cited as a key consideration.
- 12.4.2 The Managed Service model has been considered by a number of providers—typically either to strengthen the management of or expand an existing DLO or as part of ensuring that a newly established DLO has the appropriate commercial management skills. Its application in the sector has been limited which, in our view, is primarily due to concerns over fragmented ownership/responsibilities. The contractor managing the service will have more limited responsibility than they would have in an outsourced model and this may create additional risk for the client. However, the contractor managing the service can be incentivised to help manage risks around service delivery, quality and productivity/cost control.
- 12.4.3 There is a growing interest in the Wholly Owned Subsidiary model on the basis that it has the potential to mitigate some of the risks of the managed service model. This is because the contractor warranty can be more akin to the outsourced model and the contractor has more of an incentive to effectively manage productivity. A key concern includes the potential for conflict between the HR role in managing the employees in the subsidiary and the contractor role in operational management. Additionally, it is difficult for contractors to retain existing management teams for their own projects with considerable movement of staff between contractors in recent years, let alone employ good teams to manage these types of model that offer only a limited return from the contractor's perspective.
- 12.4.4 Whilst a lack of familiarity may limit market response there are no obvious barriers to suggest that contractors would be unwilling to adopt the approach. There are however, only a limited number of contractors experienced in these models which in itself creates a risk for any provider and potentially reduces the scope of any procurement exercise. We are only aware of only one contractor currently marketing/operating under the Managed Service model.

## 12.5 **Option 4 (Joint Venture)**

- 12.5.1 The establishment of joint ventures to deliver day to day maintenance and major repairs has become more common since BHCC last procured the service. Notwithstanding this, there have been numerous instances in the last 2 years of relatively long standing JV's being disbanded and services brought in house (as per Option 1 above).
- 12.5.2 The primary drivers for housing providers choosing this approach is the potential VAT saving and increased control. The JV option can allow these to be achieved whilst retaining the commercial management strengths of a contractor. That said we have seen a number of JVs where the RP has failed to achieve the control, cost or service benefits they desired. The challenges of partner selection and maintaining appropriate management of the partnership should not be underestimated.
- 12.5.3 JVs with contractors can be an effective way to achieve many of the benefits of establishing an in-house function. Key advantages over the establishment of a DLO include lower setup costs as a result of being able to leverage the partner's delivery infrastructure, and the commercial and operational management skills that come from the contractor. That said, it is our experience that initial investment will be required to mobilise an effective service. Failure to invest at the outset, or reliance on contractor infrastructure that is not suitable, presents a risk to successful operation.
- 12.5.4 In our experience, a key success factor is a client that is active in the management of the JV. It is too easy to play a relatively 'hands-off' role thus effectively giving control to the contractor partner. In addition, clarity about objectives, the agreeing of commercial incentives for the partners, and an appropriate governance structure are all critical to JV successful models.
- 12.5.5 There may be a smaller number of potential JV partners than there would be bidders for a traditional outsourced arrangement. This is often as result of perceived complexity and resource issues. It is therefore typical for larger contractors to be the primary players in this space.

## 13 **Procurement and mobilisation recommendations**

- 13.1 The successful re-procurement of the contract will depend upon many factors, one of the most important being the comprehensive scoping and packaging of the works such that the market is clear about BHCC's requirements and is able to accommodate these within the tender submissions.
- 13.2 Our understanding of the current contract is that the response, void and cyclical aspects are delivered to high levels of customer satisfaction and are cost effective when analysed through the latest Housemark 2017 benchmark report. This side of the contract is delivered via the Nat Fed Schedule of rates and overall, costs are very competitive when compared against current tender levels. Notwithstanding this, the number of repairs per property is less than benchmark yet the expenditure proposed on capital planned works is higher than our expectations when compared to other social landlords (bearing in mind the extensive investment over the last 10 years). There is a possibility that the revenue pricing does not fully reflect the cost of service delivery and is partly subsidised by planned works.

- 13.3 The planned works are split between planned preventative maintenance and large scale major capital works. The former operates under bespoke composite rates for specific work items whilst the latter operates under a 'cost +' arrangement whereby Mears invite tenders from selected sub-contractors for all packages of the programme and subsequently manage the delivery, charging their agreed overhead and profit levy. This cost is then established as an Agreed Maximum Price. The capital works programme does not appear to operate as effectively as the revenue works and struggles to demonstrate value for money. There are high charges levied on leaseholders, which in some cases are as much as £30-40,000 with some cases at tribunal. Consideration of the type of cost model for the new contracts is vital to ensure that appropriate leaseholder cost recovery can be achieved.
- 13.4 Whilst a number of Local Authorities (LB Hammersmith and Fulham, Slough Borough Council) have recently procured all inclusive 'asset management' type contracts covering revenue and capital work similar to the current contract, we believe that this type of contract structure is unlikely to be suitable for BHCC going forward. The most common arrangement within the social housing sector splits revenue and capital work (as discussed in paragraph 4.5 and Section 12 above) and due to the respective volumes of work in these 2 categories, this is likely to deliver best value for BHCC whilst reducing its risk exposure.
- 13.5 The volume of capital work is extensive at £88.9 million (based on BHCC figures and subject to review) over the next 5 years and by careful packaging to suit market capabilities and capacity, we believe BHCC will be able to satisfy all its social and economic agenda requirements whilst also delivering better value for BHCC and leaseholders. To achieve this however, we recommend that a full investment plan is developed and used to inform construction of a new pricing model rather than a repeat of the existing.
- 13.6 The R&M (revenue) work would therefore form a separate procurement and there needs to be clarity over whether this would be the same as the current contract or also incorporate gas servicing and other cyclical maintenance works. Additionally, there will be a requirement for much greater digital inclusion in the new contract. Further consideration of this is required.
- 13.7 This will also be influenced by the delivery route chosen by BHCC. If an outsourced model is preferred, then it is possible to include all work requirements, either in one package (with single service provider) or a small number of providers that are simultaneously put out to tender (depending on specialisms). However, if an in-sourced solution is adopted, the full scope of the service delivered by the new DLO will need to be carefully considered and reflect the capability of the new organisation. Work sitting outside this capability will need to be outsourced through a tender until such time that it is capable of being delivered by the DLO. This applies to whichever DLO model is chosen – fully in-sourced, WOS or Managed Service.
- 13.8 Clear scoping of the procurement requirement is therefore essential before the actual process can even be determined. Based on our experience, this is likely to take about 3-4 months to achieve for the planned works, although will be dependent on the extent of consultation adopted with tenants, leaseholders, elected members and officers. However, clear scoping in advance requires robust data and will place greater programming responsibility on the client team. In order to achieve this, we believe significant

enhancement of current stock condition information is needed . For the R&M works, scoping the level of service delivery is more based on consulting and agreeing with members, residents, officers as to the agreed levels of service and could potentially be achieved in 2 months.

- 13.9 While it is possible to prepare some tender documentation in parallel, full documentation including pricing model will likely take a further 2 months to develop. The current BHCC Project Plan reflects the embryonic stage that the re-procurement project is at and is hence quite generic and high level. As the procurement model is further developed and refined, the Project Plan will need to be updated to reflect the agreed approach and the fact that there may be multiple and parallel timescales.
- 13.10 For the R&M contract it is imperative that the start date is 1<sup>st</sup> April 2020. The current project plan allows for successful contractor notification in late July 2019 which provides 8 months for mobilisation and this ought to be sufficient assuming a more traditional or partnered contract is adopted. This period would even facilitate a short competitive dialogue tender process as described elsewhere in this report as a shorter mobilisation period could form part of the dialogue. We believe that there are some advantages to this procurement route compared to the restricted procedure. This outsourced model would require the new contractor to bring a fully operational IT platform that would be up and running from day one, irrespective of BHCC's IT project, with IT integration between the 2 systems taking place at a time that suits BHCC's new IT platform.
- 13.11 For the planned/capital works, we consider that the pre tender phase is therefore likely to require an additional 1-2 months with a consequential extension of the tender timetable, assuming the restricted procedure as outlined. Whilst this has a knock-on effect to the actual contractor appointment date and start of the mobilisation phase, we believe BHCC still has sufficient time to plan and implement the contract mobilisation for planned works between September 2019 and contract start in April 2020 (in our experience, 3-4 months is usually adequate). It is also accepted practice that the first years planned capital works is at a reduced volume to allow for new processes and procedures to get established and trialled.
- 13.12 However, the current project plan does not reflect the alternative procurement solutions. Whilst a managed service/WOS or JV solution could most probably be delivered in a similar timeframe, establishing an in-house DLO would require a different approach. Under this scenario, none of the labour will be available until the TUPE process has been completed and the current contract ends – day 1 of the new contract. In the meantime, BHCC would need to undertake the following headline activities:
- 13.12.1 Establish a fully operational IT platform for repairs and compliance, including call centre.
  - 13.12.2 Develop all operational processes and procedures
  - 13.12.3 Establish the contract admin regime, HR/employment etc
  - 13.12.4 Establish a performance management regime
  - 13.12.5 Procure all sub contractors and materials suppliers – OJEU compliant
  - 13.12.6 Recruit a management team assuming they do not all transfer from Mears.

- 13.12.7 Arrange transport and all accommodation – depending on current arrangements
- 13.13 BHCC has experienced a number of challenges in managing the existing contract. The initial TUPE involved transfer of most of BHCC's in house technical and professional resource to Mears. This was common practice at the time but places extreme reliance and trust on the contractor to deliver without interference by the client. Over time this trust can break and the current situation is that there is mistrust between Mears and BHCC such that BHCC has employed additional staff to check work carried out by Mears, albeit still at a relatively modest level compared to most of our other projects.
- 13.14 This means that BHCC has a limited technical and professional resource available to have an involvement in the procurement and implementation of these new contracts. The mobilisation phase of any new contract is absolutely vital to its successful operation and it is preferable to be over resourced rather than under-resourced and BHCC will need to engage additional resource to deliver this. An example partnering timetable, including typical mobilisation and ongoing contract management tasks, is included for reference at **Annex 4**.
- 13.15 Whichever Option is chosen, BHCC will need to establish a fully resourced client team to manage both revenue and capital works. The size of the team will need to reflect the final contractor combination and will also differ between the various procurement models. In the case of setting up a DLO, the staff will TUPE back to BHCC and therefore provide an instant resource, albeit not potentially the right resource to meet BHCC's new requirements. For any of the managed solutions, the additional resource will need to reflect the extent of client engagement in managing the contracts and degree of trust placed in the managing party.
- 13.16 Option 2 (outsourced model) will require BHCC setting up a full client team to project manage the contracts which will need to again reflect the final contractor combinations and work scope. However, each of these scenarios requires further detailed consideration and development of a resource plan.
- 13.17 In **Annex 5**, we have set out a summary of the Restricted Procedure and Competitive Dialogue Procedure, which we consider would be the two most suitable procedures under the Public Contracts Regulations 2015 to use in a procurement exercise.

14 **Disclaimer and contact details**

14.1 This options appraisal Report has been prepared by Trowers & Hamblins LLP and Savills (UK) Limited for Brighton and Hove City Council for the purpose of considering procurement options for the delivery of BHCC's responsive repairs services, planned maintenance and improvement programmes and large capital projects. No liability is intended or should be inferred to any third parties or for any other purpose.

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**Trowers & Hamblins LLP/Savills (UK) Limited**  
**19th April 2018**

## Annex 1

### Vires considerations

#### 1 Option 3 - Powers to establish 'NewCo'

##### 1.1 Legislative regime

1.1.1 Section 1 of the Localism Act 2011 (the **2011 Act**) provides local authorities with the power to do anything an individual may do, subject to a number of limitations. This is referred to as the general power of competence. BHCC may exercise the "general power of competence" for its own purpose, for a commercial purpose and/or for the benefit of others.

1.1.2 In exercising this power, BHCC is still subject to its general duties (such as the fiduciary duties it owes to its rate and local tax payers) and to the public law requirements to exercise the general power of competence for a proper purpose.

1.1.3 Section 2 of the 2011 Act limits the exercise of the general power of competence where it "overlaps" with a power which pre-dates it. This includes BHCC's trading powers under Section 95 of the Local Government Act 2003 (the **2003 Act**). When BHCC relies on the general power of competence and/or the power in Section 95 of the 2003 Act to trade, it is prudent for it to comply with the requirements and limitations to which Section 95 is subject. These are set out in Regulation 2 of the Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009 (the **2009 Order**) which effectively requires a business case to be prepared and approved by BHCC before a company starts trading.

1.1.4 Section 4 of the 2011 Act requires that where BHCC exercises/uses the general power of competence, then if it does so for a commercial purpose it must do this through a company.

1.1.5 It is our view therefore that BHCC can, subject to the matters referred to below rely upon the general power of competence to form a Wholly-owned Subsidiary for the purpose of it operating a business to provide the proposed planned and responsive works and repairs and maintenance services.

##### 1.2 Powers to trade

1.2.1 As stated above, Section 95 of the 2003 Act gives BHCC the power to trade, but is subject to restrictions contained within the 2009 Order.

1.2.2 Regulation 2 of the 2009 Order states that a best value authority (such as BHCC) is authorised to do, for any commercial purpose, anything which it is authorised to do for the purpose of carrying out its ordinary functions. The 2009 Order contains two important provisions:

- (a) before exercising the power, BHCC is required to prepare a business case in support of the proposed exercise of the power which must be approved by BHCC; and
- (b) if BHCC provides the Wholly-owned Subsidiary with assistance in the way of accommodation, supplies, staff, etc., BHCC must recover these costs.

1.2.3 Reviewing both the power in the 2009 Order and the 2011 Act, we would recommend that the general power of competence under Section 1 of 2011 Act is used, establishing a Wholly-owned Subsidiary in accordance with Section 4 of the 2011 Act. Whilst the requirement for BHCC to approve a business case before establishing a trading company is specific to the 2009 Order, it would be prudent for BHCC to prepare this in advance of setting up the Subsidiary to show that BHCC has given due regard to its duties.

### 1.3 **Company structures**

1.3.1 Where BHCC exercises its general power for a commercial purpose then it will be required to do so via a company (or alternatively via a community or co-operative benefit society). Although the provision of repairs and maintenance to BHCC properties is arguably not a commercial purpose, if the Subsidiary's business case is (even in part or in the long run) predicated on generating revenue from third parties, such activities would be, without doubt, commercial.

1.3.2 A company could be set up as either a company limited by shares (**CLS**) or a company limited by guarantee (**CLG**). We have discounted the use of a Limited Liability Partnership (**LLP**) or (not for profit) Community Benefit Society for the Wholly-owned Subsidiary as these corporate forms respectively raise additional vires issues or are not suitable for a profit distributing entity.

### 1.4 **A company limited by shares**

1.4.1 A company limited by shares (**CLS**) is the type of company which most people (and the private sector) are familiar with. The corporate structure is tried and tested and is underpinned by an established body of law and practice.

1.4.2 In terms of overall control and also financial and tax planning, the structure of a limited company provides considerable flexibility through the creation of different types of share and loan capital. It is also simple to admit new shareholders if BHCC wishes in the future to make the company a joint venture vehicle (for example, to introduce another local authority to create a joint company capable of providing similar services to that second authority or to enter into a joint venture with an outsourced contractor (as per Option 4)).

1.4.3 Key features of CLSs include:

- (a) A CLS can have very wide objects (unless these are limited in the company's articles);
- (b) A CLS is usually formed for the purpose of making and distributing profits to its shareholders;



- (c) As a separate legal entity, a CLS can own and deal in assets, sue and be sued, and contract in its own right;
- (d) A CLS has limited liability. The circumstances in which shareholders could be held legally liable for a company's debts (beyond their unpaid capital contribution) are extremely limited. This means that the liability of the shareholders of the CLS would be limited and protected;
- (e) Shares can be held by BHCC, employees, the private sector, equity investors and/or service users and the holding of shares is fluid and flexible. Shareholdings can change in order to take account of a change in circumstances and/or in accordance with the parties' requirements;
- (f) The shareholders' agreement would set out the relationship between BHCC and the Company in more detail.
- (g) In a CLS, the decision-making power of an organisation rests primarily with its board of directors, but some matters may be reserved to the shareholders (BHCC if any owned);
- (h) A CLS is intended to generate a commercial profit and distribute profits, and it is the most suitable form of vehicle for this purpose;
- (i) The administration process of a CLS is primarily governed by the Companies Act 2006 and the company's articles of association. This will involve holding board and general meetings and preparation and submission of accounts. CLSs are registered at Companies House, but there is no ongoing regulation by Companies House. Tax computations and returns would need to be filed within the required deadlines in addition to any payments of tax;
- (j) A CLS is subject to tax on any profits or gains generated from its activities;
- (k) For Corporation Tax purposes, all transactions with 'connected parties' would need to be undertaken on an arm's length basis;
- (l) Mutual trading status (see the Wholly Owned Subsidiary Option below) would be difficult to achieve therefore all income and gains would likely be taxable where a CLS is used;
- (m) To the extent that the CLS has any 75% owned subsidiaries, they would form a group for group relief purposes, allowing the sharing of tax losses between companies in the same accounting period.

## 1.5 A company limited by guarantee

- 1.5.1 A company limited by guarantee (**CLG**) is a company where the general members do not hold shares, but instead each member undertakes to pay a nominal figure (usually £1) in the event of the company becoming insolvent. If the company is to be a wholly-owned subsidiary, BHCC would initially be the sole member; but a company limited by guarantee can have many members

and different categories of members with different voting rights. Changing from a single member company to one with many members is also straightforward.

1.5.2 This form of company is often adopted for charitable or community interest activities. In our experience it is rarely used as a vehicle for undertaking commercial activity.

1.5.3 Key features of CLGs include:

- (a) As with a CLS, a CLG may have wide objects unless its member guarantors wish to limit them in the company's constitution. For example, BHCC may wish to limit the objects to certain purposes only;
- (b) CLGs are usually not for profit organisations but they do not have to be;
- (c) In the same way as a CLS, a CLG is a separate legal entity and has limited liability. However, instead of a capital contribution each member guarantor undertakes to pay a nominal figure (usually £1 (one pound)) in the event of any insolvency on the part of the company;
- (d) a CLG is similar in structure to a CLS except that its member guarantors do not hold shares in the company;
- (e) in constitutional terms a CLG has the benefit of similar levels of flexibility as a CLS;
- (f) if a CLG is established as a "for profit" organisation then it is possible to include a provision in its constitution which will describe how profits will be distributed to its member guarantors;
- (g) It is relatively inflexible and cannot be used to attract investment or external equity funding later in its life. This may limit the funding options available for a CLG, particularly in relation to funding working capital;
- (h) In the first instance, a CLG would be subject to tax on any profits or gains generated from its activities;
- (i) The main benefit over a CLS is that Mutual Trading Status may apply which would exempt from Corporation Tax any trading profits arising from services provided to BHCC;
- (j) The benefits of Mutual Trading Status will depend on the nature and role of the Company and, therefore, its level of profitability. It can only apply in relation to profits arising from services provided to BHCC and therefore could be outweighed by the commercial and operational disadvantages of a CLG set out above;
- (k) Tax computations and returns would need to be filed within the required deadlines in addition to any payments of tax;
- (l) To the extent that the Subsidiary has any 75% owned subsidiaries, we would expect that they would form a group for group relief purposes.

## 1.6 **Propriety Controls**

There is an extensive legal framework governing local authority companies, currently set out in Part 5 of the Local Government and Housing Act 1989. However it should be noted that section 216(1) of the Local Government and Public Involvement in Health Act 2007 does include a provision that would repeal Part 5 – section 216(1) is not yet in force, and there currently is no date set for when or if this will happen, but BHCC should be aware that the current regime may be subject to change. Any revised regime would be implemented by Statutory Instrument and would require prior consultation by the Secretary of State.

## 1.7 **Conclusion on the form of corporate body**

Based on the above analysis, we believe a company limited by shares is likely to be the most appropriate vehicle for the Subsidiary Company. A company limited by shares could be established within a week, using an 'off the shelf' articles of association, with BHCC as its sole shareholder. The articles can then be tailored to reflect BHCC's requirements in due course.

## 2 **Option 4 – Powers to establish a joint venture**

2.1 The vires position in relation to Option 4 is more complicated. And will depend, to a large extent, on BHCC's justification for establishing a joint venture relationship.

2.2 On the face of it, it would seem most likely that BHCC would chose to go down a joint venture route if the primary motivation for the project were to establish a commercial business which would then seek to trade (as a joint venture) with third parties - for example other councils or Registered Providers.

2.3 In this case, it would seem to us that it would be probable that BHCC would again seek to rely on section 1 of the 2011 Act and, as explained above, where BHCC exercises its general power under the 2011 Act for a commercial purpose then it is required to do so through a company.

2.4 As such, the most probable corporate form for a joint venture would be a joint venture company limited by shares.

2.5 However, we are aware that a number of providers in the market for repairs and maintenance services are keen to establish joint venture limited liability partnerships and, were this to be an Option which BHCC and potential contractors wish to pursue, a detailed consideration of BHCC's vires position would need to be considered.

2.6 Broadly, the Options would be to participate in an LLP structure via an intervening Wholly-owned Subsidiary of BHCC (so that BHCC's participation on the LLP was through its own company); in which case the difficulty presented by the restrictions on BHCC's use of the general power of competence under the 2011 Act fall away.

2.7 Alternatively, (and this depends heavily on BHCC's motivations for participating in the joint venture) it may be possible to arrive at a position where BHCC could participate directly in the LLP (with the obvious tax advantages that this brings) but this would require careful consideration; that said the judgement in the recent *Haringey* case sanctioned the direct involvement of Haringey in its JV with Lendlease as an LLP on the basis that Haringey's

purpose in entering into the LLP was *not* commercial. It had carefully articulated in various reports leading to the establishment of the JV, the socio-economic and other non-commercial public benefits the JV was established to achieve. As Haringey's participation was not for a commercial purpose it was permissible for it to be a direct participant in the LLP using the general power of competence under the 2011 Act.

## Annex 2

### Pensions considerations

#### 1 **Option 1: Direct delivery of services**

As employees of a Direct Delivery of services, those staff will be entitled to remain as members of the Local Government Pension Scheme (**LGPS**). The advantages of a Direct Delivery of services are consistent with those applicable to a Wholly-Owned Subsidiary or Managed Service Model (Option 3). The main disadvantage associated with the creation of a Direct Delivery of services is the potential additional cost for BHCC, in that, unlike other models of service delivery, new joiners are also required to be provided with LGPS membership. A further disadvantage of this model, which is also the same as for a Wholly-Owned Subsidiary is that an exit payment could arise in the (albeit highly unlikely) event that the last active LGPS member ceases membership of the LGPS.

#### 2 **Option 2: Outsourcing**

##### 2.1 **Statutory requirements**

BHCC is obliged to follow the Best Value Authorities Staff Transfers (Pensions Direction) 2007 (the **Direction**). Broadly, this requires that staff that were originally local authority staff and are transferred under a contract for services to a service provider retain rights to membership of an arrangement that is the same as or broadly comparable to their pension prior to their TUPE transfer. The obligation would be satisfied by staff remaining as LGPS members.

##### 2.2 **Outsourcing**

Generally, the position is that where a council is the commissioning body and enters into a contract for services with a provider to perform those services, as envisaged under Option 2, the staff transferring to the contractor should be afforded pension protection under the Direction. The terms of the Direction only 'bite' and oblige a 'Best Value Authority' to ensure that protection is enshrined within the contract terms. This protection extends to require BHCC to oblige the contractor to secure pension provision that is the same as or 'broadly comparable' to the pension provision provided by the incumbent contractors in circumstances where the contractor undertakes the services and staff transfer from the incumbent contractors. We have assumed, for the purpose of this report that the incumbent contractors are admitted to the LGPS.

##### 2.3 **Contractor risk-sharing policy**

2.3.1 Where BHCC and the contractor comply with the requirements of the Direction and the contractor seeks admission to the LGPS, BHCC will need to prepare a commercial stance on where pensions risk should sit between the parties.

2.3.2 It is likely that the contractor will want to enter into a form of risk sharing arrangement to manage employer contribution rate volatility under the LGPS.

- 2.3.3 BHCC will need to be aware of the relevant considerations attributable to a risk sharing approach. Broadly, this is where the contractor will request that BHCC allocates and retains responsibility for certain risk factors considered to be within BHCC's control. This can have a direct impact upon pricing and affordability for contract provision.
- 2.3.4 There are a number of relevant considerations that would need to be addressed. These would include:
- (a) Apportioning responsibility for any historic LGPS underfunding in relation to transferring staff;
  - (b) Risk sharing of LGPS employer contribution rate variance throughout the term of a contract. This can for example take the form of a 'capped' rate for the contractor or a 'pass through' of increases to the employer contribution rate so that the 'net effect' is for the contractor to pay a consistent employer contribution percentage;
  - (c) How matters such as ill-health dismissal and redundancy risk should be treated;
  - (d) Considering the requirement for a pension bond or guarantee from the contractor.
  - (e) Determining how any funding 'shortfall' under the LGPS should be dealt with and by which party when the contractor's admission agreement comes to an end;
- 2.3.5 In all of the above matters, it is generally our experience that contractors will initially adopt a risk-averse approach to assuming these responsibilities and liabilities. It is usually the case that detailed negotiation will be required to assert that matters falling within the 'control' of the contractor should be retained by it as part of any risk sharing approach.
- 2.3.6 The terms of the Direction place the obligation upon BHCC to ensure that pension protection is included within the terms of the contract for services. In circumstances where BHCC takes a decision not to apply the terms of the Direction, there would be a considerable risk that transferring staff (or where represented, their trade union) would seek to review the basis of that decision. Whilst dis-applying the operation of the Direction would allow BHCC to relax the pension provision provided to staff by the contractor (with the associated cost reduction which could flow from that decision), in our experience local authorities have acknowledged the perceived and real risk of adopting that approach and have complied with the terms of the Direction.

### 3 **Option 3: Wholly-Owned Subsidiary/Managed Service models**

- 3.1 Any Wholly-Owned Subsidiary entering into a contract for the provision of services (which could include a management contract arrangement) with BHCC would, applying the Direction, need to provide an arrangement broadly comparable to that provided by the incumbent contractors. As noted in the preceding paragraph, it is open to BHCC to not

incorporate the terms of the Direction into any contract arrangement, but there are potential and material risks in not doing so.

3.2 It is likely that an organisation structured as a Wholly-Owned Subsidiary of BHCC could participate in the LGPS as a Designated Body. The qualifying criteria are set out in Part 2 of Schedule 2 of the Local Government Pension Scheme Regulations 2013 (the 2013 Regulations). Broadly, a company that is 'connected with' a body such as a local authority will be a Designated Body. We have set out the 'connected with' test in greater detail below.

3.3 We have explained below in greater detail how the "connected with" test under Part 2 of Schedule 2 of the 2013 Regulations can be met:

3.3.1 An entity is "connected with" a local authority if:

- (a) it is an entity other than the local authority; and
- (b) according to the proper practices in force at that time, financial information about the entity is included in the local authority's statement of accounts.

3.4 On the assumption that the statement of accounts for BHCC confirms that the "connected with" test is satisfied, the Wholly-Owned Subsidiary will be capable of securing Designated Body status.

### 3.5 **Wholly-Owned Subsidiary and LGPS participation**

3.5.1 The advantages of the Wholly-Owned Subsidiary being admitted to the LGPS as a Designated Body is that the process is straightforward – it does not require an admission agreement to be entered into and there is no requirement to assess the risk for a pension bond. It also provides security for employees to remain members of the LGPS.

3.5.2 However, when the Wholly-Owned Subsidiary ceases to be a Designated Body for the purposes of the 2013 Regulations, either because it no longer meets the criteria set out above or because it ceases to employ active members of the LGPS, a calculation of the Wholly-Owned Subsidiary's "exit liability" under the LGPS would still need to be carried out in accordance with the LGPS legislation. Where the assets in the fund attributable to the Wholly-Owned Subsidiary are insufficient to meet its liabilities, then it would be obliged to make a payment to the LGPS fund equal to any pension deficit calculated.

3.5.3 An advantage of Designated Body Status arising from the exit liability is that the LGPS funding strategy statement on the calculation of that liability may not be as onerous compared to other admission bodies. This can mean that any liability amount is valued by the actuary to produce a smaller exit amount. By the same token, if any exit liability is ultimately subsumed as part of any funding obligations between BHCC and the Wholly-Owned Subsidiary, then the less conservative actuarial valuation basis would be a beneficial cost consideration for BHCC.

3.5.4 Unlike an admission body, the 2013 Regulations do not require a Designated Body to enter into a pension bond or guarantee. To that degree, the extrinsic documentation and actuarial costings required to facilitate LGPS membership are less onerous.

#### **4 Option 4: Joint Venture Option**

4.1 Similar considerations to those set out in the preceding paragraphs for the contractor arise for BHCC where it opts for a Joint Venture partner. Any Joint Venture entity entering into a contract for services with BHCC would, applying the Direction, need to provide an arrangement broadly comparable to that provided by the incumbent contractors.

4.2 In addition, it is likely that the private sector partner to the Joint Venture will wish to introduce 'risk sharing' mechanisms into any contract for services it enters into with BHCC. The relative 'pros and cons' of the risk sharing approach is the same for a Joint Venture Option as it would be for a service provider, with one possible exception.

4.3 Where a pension bond is being considered, BHCC may look more favourably on dispensing with the need for a pension bond. The current 2013 Regulations also provide that an alternative form of security (such as a guarantee or indemnity) can be entered into in place of a pension bond in certain circumstances. The alternative guarantee can be from a person who funds the admission body in whole or in part or who owns or controls the exercise of the functions of the admission body. Depending on how the Joint Venture Option is established and structured, BHCC may be able to act as guarantor so as to alleviate the need for a pension bond. This in turn would help drive a value for money approach as the cost of securing pension bond premiums could be removed from any service provision cost.

4.4 That said, BHCC would need to act very carefully to avoid 'state-aid' issues, particularly where the JV company was bidding against other contracting service providers.

4.5 BHCC would also need to keep in mind the variant LGPS 'exit liability' positions negotiated with its incumbent contracting providers for current services such as street lighting. BHCC would need to consider its commercial strategy in light of any exit liability it has assumed under previous contracts and consider how it wishes to address any historic underfunding.

#### **5 Incumbent Contractor's position**

5.1 One issue which is a relevant consideration to all Options is the pensions risk that materialises when staff transfer from the incumbent contractor. On the basis that those staff are members of the LGPS, we would recommend that the current contract for services is reviewed to determine whether a risk-sharing model operates to allocate risk when an admission agreement comes to an end.

5.2 When a contract for services comes to an end or there are no remaining active LGPS members in the contractor's employment, an admission agreement comes to an end. At that point the administering authority instructs the Fund actuary to calculate what is known as a 'termination valuation'. Broadly, if the LGPS fund is underfunded, a capital payment will normally be requested from the provider to the Fund. The 2013 Regulations now afford some flexibility as to how these exit payments are recovered. Staged payments for example are now possible. It may be that BHCC has already entered into a contractual



mechanism with the provider to deal with such termination liabilities so that it remains liable to reimburse the contractor for any exit payment falling due.

## Annex 3

### Comparison of standard forms of Term Contract

#### 1 Introduction

The form of contract to be selected by BHCC will clearly depend on the Option selected for the procurement of repairs and maintenance programme following consideration of the issues raised in this Report and BHCC's own decision-making process.

#### 2 Published forms of contract

We set out below the key features of the following published forms of contract commonly used by local authorities for repairs and maintenance programmes. In our experience, bidders are likely to welcome the use of a standard form contract with which they will be familiar, though it is possible to adopt an entirely bespoke form of contract to suit the specific needs of the procurement. Even where standard forms of contract are used, it is likely that BHCC will need to prepare a set of amendments to address any matters not adequately covered by the published provisions or to establish a more advantageous commercial position. Any amendments should be undertaken with care to ensure that there are no inconsistencies between the contract terms and the specification and technical documents, which may undermine the objective of the procurement or create inconsistencies that bidders may exploit.

The standard form Term Contracts that we have compared are:

##### 2.1 JCT Measured Term Contract 2016 ("JCT")

The JCT is part of the JCT 2016 suite of contracts published by the Joint Contracts Tribunal. The JCT suite comprises a complementary set of main contracts and sub-contracts, and includes a separate Pre-Construction Services Agreement to provide for pre-commencement activity. There is a form of Consultancy Agreement for public sector employers. The JCT Measured Term Contract is the form that is most suitable to instruct responsive repairs and maintenance programmes.

##### 2.2 The New Engineering Contract 4<sup>th</sup> Edition ("NEC")

The NEC 4th Edition contracts, which include the NEC4 Term Service Contract, are well-established and used by a significant number of local authorities for the procurement of responsive repairs and maintenance programmes. The NEC4 suite comprises a complementary set of main contracts, sub-contracts and professional services appointments.

##### 2.3 The ACA Standard Form of Term Alliance Contract ("TAC")

The TAC-1 was published in 2017, part of a suite of contracts published by the Association of Consultant Architects and based on a partnered approach to construction. TAC-1 replaces and updates the TPC2005 Term Partnering Contract, which was first published in 2005 and is currently used by BHCC for its contract with Mears for the delivery of responsive and planned works. TAC-1 comprises a multi-party form of contract which allows consultants and key sub-contractors to be integrated into the team as parties to the same contract where appropriate. It also provides for the parties to operate a strategic

alliance to identify and develop collaborative activities to share best practice and improve the efficiency of programme delivery.

## 2.4 **The National Housing Federation Schedule of Rates Contract Revision 4 (2016) ("NHF")**

The NHF Schedule of Rates are widely used in the construction industry to provide a comprehensive schedule of works activities that tenderers can price as part of a construction contract, with variations for responsive repairs and maintenance and planned works programmes. The NHF Contract was first produced by the National Housing Maintenance Forum in 2011 to support the use of the NHF Schedule of Rates and was most recently updated in 2016. The NHF Contract includes a template Invitation to Tender document. The contract documents themselves comprise Articles of Agreement, Contract Conditions, Preliminaries, a Specification, Price Framework and a KPI Framework, in addition to the Schedule of Rates.

## 3 **Criteria for selecting a form of Term Contract**

### 3.1 **General comments**

It is important to note that the appropriateness of a standard form of contract will depend on the procurement Option selected and BHCC's strategic procurement objectives. It is clearly important that BHCC should select and adopt a form of contract that is most appropriate to its needs and can be effectively integrated to establish continuity and stability in procurement/contracting practices, so as to obtain the maximum benefits in terms of efficiency, economy and streamlined programme implementation.

### 3.2 **Efficiency criteria**

Any procurement arrangement designed to lead to increased efficiency should incorporate as core features:

- i Timely engagement of all key players in the works and services programme, particularly in the pre-commencement phase,
- ii Mutual clarity between all parties regarding allocation of roles, responsibilities, risks and rewards,
- iii A collaborative approach to developing and managing the programme,
- iv Open and effective communication between the parties, and
- v Strategies for continuous improvement.

The form of contract used should support these objectives and also provide for BHCC's preferences relating to practical issues of procurement and contract administration, including:

- i The contractor's input into (but not necessarily control of) all key processes;
- ii Flexible pricing arrangements that allow BHCC maximum certainty and clarity as to prices paid;

- iii Volume supply arrangements with the supply-chain;
- iv Financial sanction;
- v Depot facilities and leasing arrangements;
- vi Dispute resolution;
- vii Storage facilities;
- viii Developing efficient processes for resident liaison;
- ix Employment issues including TUPE;
- x Pensions issues including LGPS;
- xi Development of proposals to deal with Health & Safety;
- xii Analysing and managing risk including procuring appropriate insurance;
- xiii Programming and phasing of the works or services to be undertaken;
- xiv Change management;
- xv Ability to terminate the contract for sustained poor performance; and
- xvi Ability to instruct third parties to undertake uncompleted works.

### 3.3 **Comparison of standard forms of contract**

In this section, we have indicated why we consider each issue is an important criterion in selecting an appropriate form of contract, and how each of the evaluated standard forms deals with the issue. Specific points that may assist in forming a view on the most suitable contract form for their purposes are listed in the Table below, where each of the 4 standard forms of contract are assessed against each criterion.

The assessment in the table is indicative only, and reference should also be made to the explanatory notes that follow.

**Table – Summary of criteria for assessing standard forms of contract**

		JCT	NEC	TAC	NHF
1	Contractual pre-commencement/mobilisation process	[✓]	[✓]	✓	[✓]
2	Clear definition of roles of delivery team	[✓]	[✓]	✓	[✓]
3	Involvement of residents and other key stakeholders	X	X	✓	[✓]
4	Options for allocating design responsibility	X	✓	✓	X
5	Integration of supply-chain	[✓]	✓	✓	[✓]
6	Collaborative management of risk	X	✓	✓	X
7	Performance measured against KPIs	[✓]	✓	✓	✓
8	Management group of key players	X	✓	✓	✓
9	Incentive Options	[✓]	✓	✓	[✓]
10	Option for 'open book' pricing	[✓]	[✓]	[✓]	X
11	Option for fixed price	✓	✓	✓	[✓]
12	Contractual programme for the works/services orders	X	✓	✓	X
13	Prior evaluation of change	X	✓	✓	✓
14	Early warning of problems	✓	✓	✓	✓
15	Exclusion of profit from contractor's claims for delay/disruption	X	X	✓	X
16	Remedies in respect of breach of contract	✓	✓	✓	✓
17	Ability to terminate the contract with notice	✓	✓	[✓]	[✓]
18	Ability to instruct third parties to undertake uncompleted works	✓	[✓]	✓	✓
19	Alternative Dispute Resolution	✓	✓	✓	✓
20	Forms of sub-contract, collateral warranties and guarantees	✓	✓	[✓]	X

**Key**

✓	Specifically provides for this point in the main form of Term Contract
[✓]	Provides for this point in part measure or through use of other compatible forms
X	Does not provide for this point

3.3.1

4 **Detailed commentary**

4.1 **Pre-commencement/Mobilisation process**

Contractual provisions covering the mobilisation process are a convenient and effective means of handling any transitional provisions. The client has the advantage of having the contractor committed to the contract and can ensure that any preparatory activities or processes required before the start of the programme can be completed before commencement. In turn, the contractor has the benefit of being "in contract" and not working "at risk" while they undertake the pre-commencement activities. For maintenance or services programmes a pre-commencement phase is particularly important to ensure adequate coverage of TUPE obligations and the appointment of sub-contractors both of which should be completed before commencement.

Provision of a pre-commencement phase allows the client to activate the performance and payment obligations when the pre-commencement activities are complete. In this way, the contract can be used as a management or process tool, to ensure that all parties fulfil their obligations and to avoid delays or problems when the programme commences.

JCT	The JCT Pre-Construction Agreement can be signed as a separate document to cover the pre-commencement/mobilisation period. The Pre-Construction Agreement does not deal with transitional arrangements from mobilisation to commencement phases and would need extensive amendment and integration with the main form of contract used.
NEC	The NEC4 Engineering and Construction Contract (ECC) now includes as a secondary Option the clauses for early contractor involvement (ECI) previously published by NEC in 2015. ECI is a method of appointing a Contractor at an early stage, to participate in the development of designs and proposals. It enables the Contractor's input to the design at a stage when significant improvements and innovation can be introduced.
TAC	Provides for preconditions to implementation of Term Programme, also provides Options as regards treatment of TUPE and pensions and as regards treatment of client assets to assist in transitional provisions.
NHF	Provides for the parties to form a contract by exchanging a Letter of Acceptance, ahead of executing the formal contract documents.

#### 4.2 Clear definition of roles of delivery team

For a maintenance or services delivery team to be set up on a fully integrated basis and to function effectively, it is essential that the roles and responsibilities of each team member are clearly and compatibly defined and mutually recognised. To the extent that all appointments are not made from a fully integrated set of terms and conditions, mutual clarity is achieved only by each party having knowledge of all other parties' contracts and agreeing an integrated set of programmes and responsibilities.

JCT	Two party contract which specifies the roles of the client and the main contractor. Separate agreements required for the appointment of suppliers or sub-contractors.
NEC	Two party contract which specifies the roles of the client and the main contractor. Separate appointment required for Service Manager and sub-contractors. However, NEC4 now provides for separate collateral warranties to be secured in favour of 3 <sup>rd</sup> parties and from the supply-chain in favour of the Client (NEC3 would need Z-Clause).
TAC	Multi-party contract which specifies the role and responsibilities of client, service provider and key sub-contractors with mutual duties of care between team members.
NHF	Two party contract which specifies the roles of the client and the main contractor. Separate appointment required for Client's Representative and Service Provider's Contract Manager and sub-contractors.

#### 4.3 Involvement of residents and other key stakeholders

Effective capture and use of contributions from residents and other stakeholders who are not party to the contract will be an important element of a successful programme. Acknowledging this within a Term Contract lends form and discipline to the process.

JCT	Does not refer to other stakeholders.
NEC	Does not refer to other stakeholders.
TAC	Requires members of the delivery team to establish involvement of Interested Parties (a defined term).
NHF	Refers to postholders listed in the Contract Details who can be members of the Core Group.

#### 4.4 Options for allocating design responsibility

In modern construction practice, responsibility for design and the related risk is frequently assumed by the main contractor and increasingly by suppliers and specialist sub-contractors. It is important that BHCC have the opportunity to allocate any design responsibility, particularly in relation to the selection of surfacing materials and processes for any given task.

JCT	Does not provide for contractor's design.
NEC	Provides for main contractor design and design of its items of equipment.
TAC	Provides flexibility in the allocation of design responsibility
NHF	Does not provide for contractor's design.

#### 4.5 Integration of the supply-chain

It is widely recognised that to achieve best value in delivery of a programme, it is essential that all influential members of the supply-chain, in particular key suppliers and specialist contractors, are effectively integrated into the procurement process. This requires recognition of their potential roles, particularly in relation to any design work and the key processes, and usually implies their early appointment.

In addition, for effective integration, all key members of the supply-chain should be recognised as equal partners in the programme, be included in decision-making processes, and be involved in finalising price.

JCT	No specific provisions for supply-chain partnering. Client able to consent to any sub-contractors.
NEC	Includes compatible forms of subcontract; suppliers and subcontractors can be named as partners in Option X12 and become members of the Core Group. Provides for notification of the Core Group prior to sub-contracting. However, decisions of the Core Group are not required to be implemented under the contract.
TAC	Includes specific provisions for supply-chain partnering and for client approval of subcontractors and suppliers.
NHF	No specific provisions for supply-chain partnering. Client able to suggest and consent to appointments of any sub-contractors.

#### 4.6 Collaborative risk management

The systematic identification, assessment, allocation and mitigation of risk is essential for successful programme delivery, and is most effective if all parties are involved in and committed to the process.

JCT	Does not provide for main or sub-contractor or supplier involvement in risk management.
NEC	X12 Partnering Option may assist in collaborative risk management. Provides for development and maintenance of a risk register with risk reduction meetings for cooperative response to risks.
TAC	Provides for joint risk management activities as described in a Risk Register.
NHF	Does not provide for main or sub-contractor or supplier involvement in risk management.

#### 4.7 Performance measured against KPIs

Measuring performance is fundamental to improving performance; this applies within a programme but is particularly important for long term maintenance programmes where clients are focusing on continuous improvement. Formalising this requirement within the Term Contract commits members of the delivery team to the process.

JCT	General reference to measuring performance against agreed KPIs.
NEC4	Provides for measuring performance against agreed KPIs.
TAC5	Provides for measuring performance against agreed KPIs.
NHF	Provides for measuring performance against agreed KPIs.

#### 4.8 Management group of key players

A management group comprising the key individuals in the delivery team can play a valuable role in a number of areas, as follows:

- (a) An information hub at the centre of a communications strategy,
- (b) Monitoring and taking forward progress in the pre-commencement/mobilisation phase,
- (c) Evaluating proposed changes notified in advance,
- (d) Receiving warnings of potential problems and overseeing the response.

Such a group can function most effectively in relation to the due processes of the contract if it is specifically provided for in the Term Contract. The group's roles and responsibilities must be clearly defined, in particular its scope and authority to take decisions for implementation by the parties.

JCT	Does not provide for a management group.
NEC4	The NEC4 contracts introduce a requirement for the Contractor to prepare and issue a quality management system and plan.
TAC	Provides for a Core Group able to take decisions within the scope of its



	agreed functions as set out in the contract.
NHF	Provides for a Core Group to manage the contract and the delivery of the works.

#### 4.9 Incentive Options

Financial incentives are widely recognised as effective in securing commitment to improving performance and achieving best value in programme delivery. For clarity and effective operation they should be built into the contract.

JCT	Provides for contractor to receive some of the financial benefit of any cost saving or value improvement it proposes which is implemented.
NEC	Includes provisions for bonuses on early completion and payments relating to KPIs.
TAC	Provides for incentives to be agreed.
NHF	No express contractual provision for incentives to be agreed. Separate KPI Framework in NHF suite has provision to agree incentives.

#### 4.10 Option for 'open book' pricing

Genuinely collaborative working implies openness and trust and this should extend through to the financial management of the Term Contract. Accordingly 'open book' pricing, where the contractor declares its profits and overheads and allows the Client access to its financial records to monitor how prices for the services are developed is widely advocated. For successful application, its meaning, scope and operation should be clearly defined in the Term Contract.

JCT	Does not provide for open book pricing.
NEC4	Does not expressly refer to open book pricing but separate identification of profit and overheads is implied in the target cost and cost-reimbursable Options.
TAC	Provides for Open-book pricing with separate identification of profit and overheads but can be used with a variety of pricing Options.
NEC	Does not provide for open book pricing.

#### 4.11 Option for fixed prices

BHCC may prefer the discipline and risk allocation delivered by fixed prices from the contractor prior to starting work on site. In many circumstances, seeking fixed prices from the contractor at tender stage will be difficult to reconcile with the principles of collaborative working, including early appointment of the contractor. However, this may be an Option BHCC wish to have available.

Each of the four contract suites compared in this note provides this Option through:

JCT	Reference to a Schedule of Rates.
NEC	Provides for priced contract with Activity Schedule (Option A) and priced contract with bill of quantities (Option B)

TAC	Task Prices calculated in accordance with Price Framework.
NHF	Reference to a Schedule of Rates.

#### 4.12 Contractual programme for the works/services orders

A contractually binding programme for issuing and completing of orders or tasks under a Term Contract clarifies and confirms each party's commitment to timely delivery. If used effectively, a contractually binding programme can function as a programme management tool, and provides clear definitions of each party's obligations. The offer of a clear long-term programme by BHCC should secure greater efficiency from the programme.

JCT	Does not provide for a contractually binding programme.
NEC	Provides for an 'Accepted Programme' and new provisions which provide 'treated acceptance' of the Contractor's programme where the Project Manager does not respond to a programme issued by the Contractor for acceptance, or to a reminder. This is to unlock the impasse which otherwise prevails.
TAC	Provides for the Partnering Timetable as a contractually binding programme, including provisions for the timetable to be updated as required.
NHF	Does not provide for a contractually binding programme.

#### 4.13 Prior evaluation of change

Effective change management requires that whenever possible proposed changes are notified in advance to allow evaluation of the full time, cost and quality implications and consideration of appropriate responses.

JCT	No provision for advance evaluation of change.
NEC	Provides for advance notice of change in the context of Compensation Events (a defined term).
TAC	Provides for advance evaluation of change.
NHF	Provides for advance evaluation of change.

#### 4.14 Early warning of problems

Early recognition of an emerging problem considerably improves the opportunities for the parties to manage the issue before delays are caused to the programme. Inclusion in the contract of a clear duty on the parties to warn of a potential problem will reinforce their commitment to do so.

JCT	Includes a basic early warning system.
NEC4	Includes an early warning system.
TAC	Includes an early warning system.
NHF	Includes an early warning system.

#### 4.15 **Exclusion of profit from contractor's claims for delay/disruption**

BHCC might take the view that in the context of a long-term collaborative relationship it is equitable for the contractor to recover costs in a claim for delay and disruption but not additional profit and overheads. If so, this should be explicit in the contract.

JCT	Does not exclude profit and overheads from delay/disruption claims.
NEC	Does not exclude profit and overheads from delay/disruption claims.
TAC	Excludes profit and overheads from delay/disruption claims.
NHF	Does not exclude profit and overheads from delay/disruption claims.

#### 4.16 **Remedies in respect of breach of contract**

The Term Contract must include effective remedies for default or insolvency of a member of the delivery team. As far as possible these should protect any continuing interests of the client.

JCT	Provides for termination by the client or main contractor in a specified list of circumstances.
NEC	Provides for termination by the client or main contractor in a specified list of circumstances.
TAC	Provides for termination by the client or main contractor or other parties in a specified list of circumstances.
NHF	Provides for termination by the client or main contractor in a specified list of circumstances.

#### 4.17 **Ability to terminate the contract with notice**

Many local authorities require the ability to terminate the contractor's appointment under the Term Contract following a specified period of notice. This has become increasingly important in the current economic climate, to allow clients flexibility to appoint alternative contractors and ensure that there is delay in the provision of key services.

JCT	Provides for either party to terminate the contract with 13 weeks' notice.
NEC	Option X11 provides for the Client to terminate the Service by providing notice to the Service Manager and the Contractor.
TAC	Option for the parties to agree to terminate the contract within a specified notice period.
NHF	Option for the parties to agree to terminate the contract within a specified notice period.

#### 4.18 **Ability to instruct third parties to undertake uncompleted works**

In the event of sustained poor performance in a responsive maintenance programme and/or the termination of a contractor's appointment, clients should have the ability to instruct third parties to undertake any outstanding or uncompleted works. In the event of the contract being terminated due to the contractor's poor performance or breach, the

Term Contract should ideally have the ability recover the costs of appointing third parties from the original contractor.

JCT	Client has the ability to instruct third parties to undertake uncompleted or outstanding works following the Contractor's failure to undertake the works and/or the termination of the Contractor's appointment.
NEC	Option X11 provides that on termination the Client may complete the service itself and use any plant or materials that were provided by the Contractor.
TAC	Client has the ability to instruct third parties to undertake uncompleted or outstanding works following any Alliance Members' failure to undertake the works.
NHF	Client has the ability to instruct third parties to undertake uncompleted or outstanding work following the Service Provider's failure to undertake the works.

#### 4.19 **Alternative Dispute Resolution**

Any party to any Term Contract has a statutory right to adjudication and thereafter to initiate litigation. However, it is likely to be in all parties' interests to agree contractual alternatives that remain within their control in terms of timing, cost and outcome, and that are less likely to undermine long-term working relationships.

JCT	Provides for alternative dispute resolution through nominated individuals and through mediation.
NEC	NEC4 has introduced a four week period for escalation and negotiation of a dispute, which takes place prior to any formal proceedings are commenced. This requires nominated senior representatives of each party to meet and try to reach a negotiated solution. It is a mandatory requirement where dispute resolution Option W1 applies, but is consensual where dispute resolution W2 applies.
TAC	Provides for alternative dispute resolution through a problem solving hierarchy, reference to the Core Group, conciliation, mediation and reference to a Partnering Adviser.
NHF	Provides for alternative dispute resolution through a Dispute Escalation Table, reference to Adjudication, Mediation, Expert Decision and Arbitration.

#### 4.20 **Forms of sub-contract, collateral warranties and guarantees**

Any Term Contract should have corresponding forms of sub-contract so that any supply-chain members are appointed on compatible terms and conditions to the main contract, and so that relevant contractual obligations are passed down to the supply-chain as required. The Term Contracts should ideally have compatible forms of collateral warranty and parent company guarantee.

JCT	Provides compatible forms of sub-contracts. No provisions for collateral warranties or parent company guarantees.
NEC	Provides compatible forms of sub-contracts. No provisions for collateral warranties or parent company guarantees.

TAC	There is no form of sub-contract written expressly for TAC-1, but the STC2005 Specialist Term Contract 2005 (written for the TPC2005) can be used with some amendments. No provisions for collateral warranties or parent company guarantees.
NHF	No compatible forms of sub-contracts, collateral warranties or parent company guarantees.

#### 4.21 **Issues not dealt with in Term Contracts**

It is uncommon for liquidated damages and retention to be included within a Term Contract and these are not found in the standard forms analysed above. BHCC should consider whether the security these provisions offer are relevant to the programme and amend the chosen standard form as appropriate although this might attract "risk pricing" by the contractor.

A copyright licence is not included in the standard forms and this should be considered for a programme with extensive design responsibility.

#### 4.22 **Conclusion**

The selection of the form of Term Contract will set the tone for the procurement and approach the contractor will take to the ensuing relationship. Clearly, all the standard form Term Contracts discussed above can be amended to alter their existing features and overlay additional features required by BHCC.

As noted above at Section 9.8 of the Main Report, the key determining of successful implementation will be the management of the contract (and related amendments) that BHCC adopts. The selected Term Contract can provide all relevant protections and levers of contract BHCC requires, but these will not protect BHCC or provide it with any control if the contract terms are not understood or enforced by BHCC's contract managers. Given this, training in and knowledge of the selected form of Term Contract will be essential for BHCC contract managers and affected staff as part of any procurement exercise.

## Annex 4

### Example Partnering Timetable

Item	Description of Activity / Requirement	Period / Deadline for Activity	Additional Comments
1	Attend pre-contract meeting	Week 1	Review draft Partnering Timetable, draft KPIs, draft Risk Register, Core Group membership and Contract Start date
2	Issue revised Partnering Timetable	Week 2-4	
3	Issue revised Risk Register	Week 2-4	
4	Issue revised KPIs	Week 2-4	
5	Prepare and engross Framework Agreement and Partnering Contract for issue to all Parties	Week 4-6	
6	Production of agreed contract documents and sign	Week 7	
7	Confirm site addresses and scoping survey information and issue to Service Provider(s)	Week 4-7	Final Scoping Surveys and Property List for the Year 1 internal works programme issued.
8	Prepare draft cash flow based on first year's internals	Week 4-7	Based on agreed programme and phasing
9	Attend Resident Focus Group	Week 4-7	Introduction to the Client Resident Focus Group. Explain approach to works, what to expect and component choices. Reps will form a sub-group to sign off communication protocols and choice sheets.
10	Attend Employment & Skills project initiation meeting	Week 4-7	
11	Agree key components	Week 4-7	To agree material suppliers and confirm key components, etc
12	Hold Commercial Management workshop	Week 4-7	Agree valuations, handover and payment processes, etc

Item	Description of Activity / Requirement	Period / Deadline for Activity	Additional Comments
13	Project Delivery session	Week 4-7	Agree the management processes necessary to deliver the project. To include procedures for asbestos removal, data management, etc.
14	Surveys, investigations and resident profiling	Week 5-9	Service Provider carries out site surveys to confirm design & manufacturing details and consult residents.
15	Issue Task Order, Task Brief and confirmed address list to Service Provider	Week 10	Issued following receipt of the engrossed Partnering Contracts
16	Service Provider issues Construction Phase Plan, Task Proposals, Task Timetable and Task Price	Week 10-12	Deadlines for return of documents agreed as 2 weeks from receipt of the Task Order and will be confirmed in the Order
17	Construction Phase Plan agreed by Principal Designer	Week 13-14	
18	Consideration and agreement of Task Proposals and Task Timetable	Week 13-14	
19	Review and agree Task Price for Year 1	Week 13-14	
20	Place orders and organisation of labour, plant & specialists	Week 15-18	
21	Start on site	Week 19	Start dates subject to satisfactory completion of those pre-conditions
22	Risk Management Actions	Ongoing	
23	Volume Supply Agreements and Value Engineering	Value Engineering will continue throughout the life of the project. Particular innovations for efficiencies to be discussed at the Core Group so benefits can be shared	
24	Business Case Submissions	As required	As required for Specialists or any increases sought to the Task Price

Item	Description of Activity / Requirement	Period / Deadline for Activity	Additional Comments
25	Specialist Tenders	As required	As may be required for any specialist supply and fit works, eg. Major aids & adaptations, damp proofing, floor timber replacements, etc
26	Core Group Meetings	First meeting: Week 23	Thereafter meetings monthly as agreed by the Core Group
27	Partnering Meetings	First Meeting: Week 22	Thereafter meetings monthly (Site meetings to be scheduled in advance of the Core Group)



## Annex 5

### Procurement obligations and OJEU procedures

#### 1 Procurement obligations

1.1 As a local authority, BHCC is regarded as a "contracting authority" for the purposes of the Public Contracts Regulations 2015 (the **Regulations**). Day-to-day asset management, planned works and voids contracts are generally accepted to be public works contracts. The current EU threshold for works contracts, above which value contracts must be publicly advertised is £4,551,413 excluding VAT and contracts of equal or greater value are required to be procured in line with the full procedure(s) set out in the Regulations (the relevant threshold for supplies and services is £181,302 excluding VAT). A procurement procedure which complies with the Regulations requires that the contract is advertised in the Official Journal of the European Union and that tenders are assessed and contracts awarded in line with the timescales and criteria set out in the Regulations. Also, case-law suggests that contracts below the threshold value must still be advertised although not necessarily in the Official Journal and therefore a directly negotiated contract with a single supplier is not allowed.

1.2 Contracts of employment fall outside of the EU procurement regime and are not classed as "public services contracts" for the purposes of the Regulations. However, a "management contract" entered into with a contractor for the management of employees would be classed as a public services contract for the purposes of the Regulations and would therefore have to be advertised in the Official Journal of the European Union in the (likely) event it exceeded the threshold. Any such services should be part of the tendered contracts.

#### 2 Pre-market engagement

We would recommend that, before launching the procurement procedure, BHCC undertakes a sufficient amount of soft-market testing and contractor engagement, in order to gauge the state of the market in relation to the Options presented above and to consider how best the market will be able to meet its needs. The results of this pre-procurement engagement can then feed directly into the procurement requirements – as long as BHCC does not use such information in a way that could discriminate against or in favour of any particular bidder or class of bidder.

#### 3 The Restricted Procedure

##### 3.1 Background to Restricted Procedure

3.1.1 The Restricted Procedure is the most commonly used procurement procedure in the UK. Unlike the Open Procedure which requires contracting authorities to assess all bids received, the Restricted Procedure provides a two-stage process whereby bidders are initially assessed on their past experience, good standing, financial robustness and technical qualifications, from which a shortlist of bidders is selected to submit a tender. If run efficiently and with adequate preparation time, the Restricted Procedure can be completed within 3-4

months. BHCC is also able to shorten tender return timescales with the agreement of the bidders.

- 3.1.2 The Restricted Procedure is widely understood by the market. The initial pre-qualification stage has been somewhat standardised by the use of a standard Selection Questionnaire document issued by the Crown Commercial Service for use in all procurement exercises in England and Wales, which many bidders in the marketplace will be familiar with.

## 3.2 Use of the Restricted Procedure

- 3.2.1 As with the Open Procedure, the Restricted Procedure assumes that the scope and terms of the contract have been well defined in advance, requiring little or no discussion or negotiation with bidders. The Restricted Procedure is largely a paper-based assessment exercise, in which bidders respond to the client's requirements as set out in the procurement documents, and where tenders are assessed with no former negotiation or discussion between the client and the bidders. Following contract award, the expectation is that the client will enter into contract with the selected tenderer using the form of contract as set out in the procurement documents.
- 3.2.2 Therefore, this procedure requires BHCC to have defined their requirements fully before starting the tender exercise (in terms of preparing the specification and contract documents) and not deviate from those requirements once the tender is underway. However, some clients like to include an interview with shortlisted bidders as part of the tender evaluation process, to enable the client to interrogate the bidders' written submissions.

## 3.3 Structure of Restricted Dialogue

A timetable setting out our recommended stages involved in the Restricted Procedure is noted at the end of this section.

### 3.3.1 OJEU Notice and Descriptive Document

The beginning of the Restricted Procedure will require BHCC to publish a Contract Notice in the Official Journal of the European Union (the **OJEU Notice**) signalling its intention to advertise and award the contract. The OJEU Notice must clearly set out BHCC's requirements, and will include at a minimum: a description of the scope of works or services required, with reference to Common Procurement Vocabulary codes; the estimated value and length of the contract, including any Options to extend the contract term; the award criteria for awarding the contract (which will usually be a combination of Quality and Price); any minimum requirements that must be satisfied to be able to bid for the contract; and key dates in the procurement process and information about where bidders can access the procurement documents. BHCC is also required to place a notice on the Contracts Finder website, to advertise the opportunity.

### 3.3.2 Procurement Documents

The Restricted Procedure requires that all "procurement documents" relevant to the tender exercise are made available in electronic form free of charge to interested bidders from the date that the OJEU Notice is published. "Procurement documents" is defined very widely and includes all specifications of works/services, pricing documents, and the proposed conditions of contract. Therefore to be in full compliance with the Regulations, BHCC would need to have these documents prepared before the OJEU Notice is published, and make these freely available to interested bidders. From April 2018, contracting authorities will be required to run their procurement exercises and make procurement documents via an electronic portal.

### 3.3.3 **Selection Questionnaire**

Following the issue of the OJEU Notice, BHCC will evaluate the prospective participants against criteria included in a Selection Questionnaire. The Crown Commercial Service, which monitors the use of the Regulations in the UK, has published a standard Selection Questionnaire which should be used by contracting authorities in England and Wales. This document asks a series of basic questions about bidders' past experience and qualifications (which can be supplemented or amended by clients to suit the particular requirements of their project) and questions to determine whether bidders should be disqualified under mandatory exclusion criteria set out in the Regulations (eg where bidders have been guilty of bribery or other offences). Bidders are required to respond to the Selection Questionnaire within a prescribed deadline, and are assessed by the client in accordance with the evaluation criteria set out in the Questionnaire. The Regulations anticipate a minimum of 5 bidders will be shortlisted and invited to submit a tender, unless insufficient bids are received. BHCC is required to write to all bidders, whether successful or unsuccessful, and give them feedback about their scores.

### 3.3.4 **Tender Stage**

BHCC will then invite the shortlisted tenderers to respond to the Invitation to Tender document (the **ITT**), based on the document made available to bidders when the OJEU Notice was published (supplemented or amended as necessary). The ITT will normally ask bidders to describe their methodology for delivering the contract in accordance with the specification, and provide their prices for delivering the contract including their anticipated profit and overheads. The ITT should set out the Price and Quality award criteria by which the tenders will be evaluated and associated scores and weightings.

### 3.3.5 **Evaluation and Award**

Evaluation of tenders will be carried out in accordance with the award criteria set out in the ITT to determine which is the most economically advantageous. BHCC is required to write to each tenderer who has submitted a tender notifying them of the award decision and giving unsuccessful bidders feedback on their tender submissions. Following the issue of these letters, BHCC must observe a 10 calendar day standstill period (provided that the letters are issued electronically) before contracts can be finalised.

### 3.3.6 **Post-Tender Discussions**

Under the Regulations post-tender discussions and negotiations are prohibited. As a result, prospective contractors must ensure that their tenders are the equivalent of a "Best and Final Offer", such that no significant amendments are required and there is no negotiation of the contract terms (other than to correct errors and discrepancies).

### 3.3.7 Finalisation of contracts/Contract Award Notice

Following the completion of the standstill period and assuming that no legal challenges have been received during that period, BHCC can proceed to finalise the terms of contract with the selected tenderer. BHCC is required to publish a Contract Award Notice in the Official Journal, advertising the details of the award, and place a similar notice on the Contracts Finder website.

## 3.4 Restricted Procedure Timetable

	<b>Milestone</b>	<b>Duration</b>
1	[Section 20 – Notice of Intention]	[Minimum of 30 calendar days to allow leaseholders to submit observations]
2	OJEU Notice despatched to Official Journal/Contract notice placed on Contracts Finder website	
3	Deadline for receipt of Selection Questionnaire	Minimum of 30 calendar days from date of OJEU Notice
4	Evaluation of SQ responses	Suggest 2 working weeks
5	Issue of Regulation 55 letters to successful and unsuccessful Applicants/Tenderers invited to respond to Invitation to Tender	
6	Submission of ITT responses	Minimum of 30 days (though this can be shortened to as little as 14 calendar days by agreement with tenderers)
7	Evaluation of ITT responses	Suggest 2-3 working weeks
8	Seeking Board/Cabinet decision for conditional award to preferred tenderer	
9	[Section 20 Notice of Landlord's Proposals]	[Minimum of 30 calendar days to allow leaseholders to submit observations]
10	Issue of Regulation 86 letters to successful and unsuccessful	

	<b>Milestone</b>	<b>Duration</b>
	tenderers with feedback	
11	Mandatory standstill period	Minimum of [10] days from date of letters (provided that the letters were issued electronically); must end on a working day.
12	Finalisation of contracts	
13	Contract Award Notice despatched to Official Journal/Award Notice placed on Contracts Finder website.	Within 30 days of award decision

## 4 **Competitive Dialogue Procedure**

### 4.1 **Background to Competitive Dialogue Procedure**

4.1.1 The Competitive Dialogue can be an advantageous route to take if BHCC is not able to completely specify its requirements or if it is unable to fix either the pricing model or the contract terms at the outset of the procurement. However, the competitive dialogue has a reputation for taking a long time and for being extremely costly. This does not need to be the case and we note below the timetable of a streamlined Competitive Dialogue procedure that BHCC could adopt in order to minimise time spent in procurement.

4.1.2 Generally, bidders in the asset management and maintenance industry like having the opportunity to put forward innovative and alternative ideas to contracting authorities, which it is not possible to do under an Open or Restricted Procedure exercise.

### 4.2 **Use of the Competitive Dialogue Procedure**

4.2.1 BHCC may elect to use the Competitive Dialogue procedure when its needs cannot be met without adaptation of a readily available solution or where it cannot objectively define either the technical means of achieving its aims or the legal and/or financial make-up of the project (which may well be the case in respect of Options 3 and 4). In such cases, it is anticipated that the Open Procedure and the Restricted Procedure will not be adequate, since the contract will not be sufficiently well defined to enable the prospective contractors to tender appropriately or for BHCC to properly evaluate such tenders.

4.2.2 The Competitive Dialogue is designed to enable BHCC to explore and develop, with the prospective contractors, solutions which will fulfil its needs and requirements before requiring the submission of final tenders. The prospective contractors then tender against a detailed and worked up solution with minimal prospect for clarification during the post-tender period. Please note that BHCC can limit what it conducts the dialogue in relation to, so that if it has certain minimum requirements or "no go" areas, they can be noted as "non-negotiable" elements of the contract/delivery structure from the outset – this may be

particularly useful in respect of Options 3 (Wholly Owned Subsidiary/Managed Service) or 4 (Joint Venture), where a complete dialogue on all of the features of the delivery structures would take a significant amount of time.

- 4.2.3 In terms of the documentation and the basic steps in the procedure, the Competitive Dialogue gives a contracting authority flexibility during the procurement process to identify the best means of meeting its requirements, but consequently requires more input (both in terms of time and money) from the prospective contractors prior to the submission of their final tenders.

### 4.3 **Structure of Competitive Dialogue**

A timetable setting out our recommended stages involved in the Competitive Dialogue is noted at the end of this section.

#### 4.3.1 **OJEU Notice and Descriptive Document**

The beginning of the Competitive Dialogue Procedure is the same as the Restricted Procedure. The OJEU Notice and/or the Descriptive Document must clearly set out what BHCC requires from the awarded contract to enable the invited participants in the Dialogue to propose their solutions.

#### 4.3.2 **Procurement Documents**

As with the Restricted Procedure, the Regulations requires all "procurement documents" relevant to the tender exercise to be made available in electronic form free of charge to interested bidders from the date that the OJEU Notice is published. However, the Crown Commercial Service has published a guidance note stating that procurement documents for complex procurement procedures do not need to be made available at the start of the exercise and may be made available to tenderers as the documents become available. This suggests a degree of flexibility particularly to issue the tender documents and forms of contract later in the tender exercise after a shortlist has been selected.

#### 4.3.3 **Selection Questionnaire**

The pre-qualification stage is the same as for the Restricted Procedure, requiring the use of the Crown Commercial Service's Standard Selection Questionnaire (which can be amended as required) and stating the evaluation criteria. Following the evaluation of the Selection Questionnaires against the evaluation criteria, BHCC are required to shortlist a minimum of three bidders to be invited to submit an Outline Solution. However, if BHCC wishes to skip the Outline Solutions stage, it can shortlist a minimum of 3 bidders to participate in Dialogue (and ignore a mere formal Outline Solution stage – see below).

#### 4.3.4 **Outline Solutions stage**

- (a) It is recommended (but not compulsory) to invite bidders to present their Outline Solutions, in response to the procurement documents. This will give BHCC an opportunity to review the tenderers' proposed methodology for delivering the contract and their approach to the contract documents, which will form the basis of Dialogue discussions.

- (b) Following expressions of interest, BHCC will evaluate the prospective participants against criteria included in the Outline Solutions responses and invite the short-listed organisations to participate in Dialogue (each a **Participant**). The short-list must consist of at least three Participants.
- (c) Alternatively, BHCC could bypass the Outline Solutions stage and go straight to Dialogue. The downside of this approach is that BHCC will have very little information about the Participants' offerings on which to run structured Dialogue sessions or to engage in the details of the contract. The risk is that a Participant may be invited to Dialogue who may be unable to deliver the contract, which might have been more easily established in an Outline Solutions exercise.
- (d) If the Outline Solutions stage is to be skipped, we recommend that BHCC establish key gateways during the Dialogue process, where Participants will be required to review and respond to key documents (especially around pricing and the form of contract) to ensure that, at Best and Final Offer Stage, robust and realistic bids are submitted.

#### 4.3.5 Dialogue Stage

- (a) The Dialogue phase is designed to enable BHCC to identify the most appropriate means of satisfying its contractual needs and requirements. The Participants will propose their solution(s) (based on the information included in the OJEU Notice and/or Descriptive Document) which will be further developed during the Dialogue. Under the Regulations, contracting authorities can discuss all aspects of the contract with the Participants, provided that the principle of equal treatment is followed. Contracting authorities cannot discriminate between the Participants by providing information which may give some Participants an advantage over others. However, contracting authorities also cannot reveal the solutions proposed by individual Participants to other participants without that particular Participant's agreement. This is likely to lead to some tension between a contracting authority's duty to be fair and open with all Participants and the Participants' understandable desire to keep confidential solutions which they have spent time and money developing.
- (b) There is no set time period for which the Dialogue phase should last, nor do the Regulations provide much detail as to how the Dialogue should be conducted. Previous guidance issued by the Office of Government Commerce (now the Crown Commercial Service) suggests that it is likely that most discussions during this phase will be with each Participant about its own solution(s). The Regulations also identify that it is possible for contracting authorities to reduce the number of solutions and Participants during the dialogue phase, provided that the criteria for doing so are set out in the OJEU Notice and/or the Descriptive Document.
- (c) Once BHCC is satisfied that it has identified a solution(s) that will meet all of its requirements, it must declare the Dialogue complete and invite

the remaining Participants to submit their Best and Final Offers for the identified solution(s).

#### 4.3.6 **Best and Final Offers and Evaluation**

- (a) Evaluation of Best and Final Offers will be carried out in accordance with the award criteria set out in the Descriptive Document and/or the Invitation to Submit Best and Final Offers document. The Regulations prohibit a contract being let under the Competitive Dialogue from being evaluated on a lowest-price basis, so the Final Tender must be assessed on a combination of quality and price.
- (b) BHCC is required to write to each Participant who has submitted a Best and Final Offer notifying them of the award decision and giving feedback on their tender submissions, and the name and scores of the winning tender. Following the issue of these letters, BHCC must observe a 10 calendar day standstill period (provided that the letters are issued electronically) before contracts can be finalised.

#### 4.3.7 **Post-Tender Discussions**

- (a) Under the Regulations the potential for post-tender discussions and negotiations under the Competitive Dialogue procedure is limited. BHCC is only permitted to ask participants to "clarify, specify or optimise" their tenders. However, this cannot involve any changes to the basic features of the tender (e.g. price or risk-allocation). As a result, prospective contractors must ensure that their tenders are the equivalent of a "Best and Final Offer", such that no significant amendments are required.
- (b) Having selected its preferred bidder, BHCC can only ask the preferred bidder to clarify aspects of the tender or confirm commitments contained in it. Again, this cannot result in substantial aspects of the tender being altered.

#### 4.3.8 **Finalisation of contracts/Contract Award Notice**

Following the completion of the standstill period and assuming that no legal challenges have been received during that period, BHCC can proceed to finalise the terms of contract with the selected tenderer. BHCC is required to publish a Contract Award Notice in the Official Journal, advertising the details of the award, and place a similar notice in the Contracts Finder site.

### 4.4 **Competitive Dialogue Timetable**

	<b>Milestone</b>	<b>Duration</b>
1	[Section 20 – Notice of Intention]	[Minimum of 30 calendar days to allow leaseholders to submit observations]
2	OJEU Notice despatched to Official Journal/Contract	



	<b>Milestone</b>	<b>Duration</b>
	notice placed on Contracts Finder website	
3	Deadline for receipt of Selection Questionnaire	Minimum of 30 calendar days from date of OJEU Notice
4	Evaluation of SQ responses	Suggest 2 working weeks
5	Issue of Regulation 55 letters to successful and unsuccessful Applicants/Tenderers invited to respond to Initial Tender or Participate in Dialogue	
6	Briefing Session (Optional)	
7	Submission of Outline Solutions	Suggest 3-4 working weeks
8	Evaluation of Outline Solutions and shortlisting of Participants to be invited to Dialogue	Suggest 2 working weeks
9	Issue of Regulation 55 letters to successful and unsuccessful tenders/Despatch agenda and final timetable for Dialogue sessions to successful Participants	
10	Dialogue sessions with each Participant to discuss and identify preferred proposals	Suggest 3-6 weeks (assuming a minimum of 3 Dialogue sessions with each Participant)
11	Conclusion of Dialogue/Issue of Invitation to Best and Final Offers	
12	Deadline for submission of Best and Final Offers	Suggest 3-4 working weeks
13	Evaluation of Detailed Solutions	Suggest 2 working weeks
14	Seeking Board/Cabinet decision for conditional award to preferred tenderer	
15	[Section 20 Notice of Landlord's Proposals]	[Minimum of 30 calendar days to allow leaseholders to submit observations]
16	Issue of Regulation 86 letters to successful and unsuccessful tenderers with feedback	
17	Mandatory standstill period	Minimum of [10] days from date of letters (provided that the letters were issued electronically; must end on a working day.
18	Finalisation of contracts	
19	Contract Award Notice despatched to Official Journal/Award Notice placed on Contracts Finder website.	Within 30 days of award decision



<b>Subject:</b>	<b>Evictions From Temporary Accommodation</b>		
<b>Date of Meeting:</b>	<b>13<sup>th</sup> June 2018</b>		
<b>Report of:</b>	<b>Larissa Reed</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Sylvia Peckham</b>	<b>Tel: 01273 293226</b>
	<b>Email:</b>	<b>Sylvia.Peckham@brighton-hove.gcsx.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE.**

**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 Housing & New Homes Committee in March 2017 requested a report looking into evictions from Temporary Accommodation and whether there is evidence to support the assertion that residents in temporary accommodation that lodge complaints about disrepair or staff conduct at their temporary accommodation are vulnerable to evictions.
- 1.2 This report was presented at the Housing & New Homes Committee in June 2017
- 1.3 It was agreed that this would be reviewed after a year and this report is the outcome of the review.

**2. RECOMMENDATIONS:**

- 2.1 That Housing and New Homes Committee note the findings of the report.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 Housing and New Homes Committee had requested a report into the evictions from emergency accommodation which was considered in June 2017. It was requested that the position be kept under review and an update report provided a year later. This report sets out the findings of the analysis of evictions over the past year. This report focuses on emergency accommodation only and not longer term leased accommodation. The average length of stay in emergency accommodation is approximately 18 months.
- 3.2 Over the past year there have been a few changes as follows:
  - The Temporary Accommodation Action Group (TAAG) which is an independent group chaired by Justlife was established and has been in existence now for nearly a year. It comprises representatives from agencies supporting homeless people and those who are vulnerably

housed; BHCC commissioning officers; BHCC councillors; emergency accommodation providers; Adult Social Care; Public Health; BHCC temporary accommodation housing managers and temporary accommodation welfare officers

- Justlife, who are commissioned by the Brighton & Hove Clinical Commissioning Group, provide support to people in emergency accommodation to improve their health outcomes by accompanying them to appointments, engaging with health care services and support with issues around housing ( including bidding on Homemove and advising on other housing options), benefits and general wellbeing. They also provide wellbeing groups and activities, along with a wide range of support, for those in emergency and temporary accommodation which is funded by the lottery and other grant funders (until March 19). They have worked with around 250 people in emergency accommodation across the past year. They have recently launched a project to provide a 'move in pack' to those who need it when they are placed in emergency accommodation. The pack contains essentials like cooking utensils, towels and toiletries, along with other helpful items such as a notebook and pen and an alarm clock radio. They currently have funding for 100 packs but are looking to work with the community to develop this project.
- A sub group of TAAG was established in order to specifically look at evictions from Temporary Accommodation. This group, amongst other things, is working towards an agreement around what constitutes acceptable and unacceptable behaviour and hence when an eviction is warranted. The chair of TAAG has seen the findings of the review of evictions and has endorsed its findings.
- Since January 2018 we have employed two Temporary Accommodation Welfare Officers. Their remit is to work with vulnerable households in temporary accommodation where problems such as service charge arrears or anti-social behaviour are arising in their accommodation, and then to refer to the relevant support agencies to help address these issues. Their work is focussed on facilitating an agreement between the household and accommodation provider in order to prevent problems escalating and averting an eviction from taking place. We have been working closely with our accommodation providers to ensure that procedures set out in contracts are adhered to. We are also working with accommodation providers to ensure that the Welfare Officers are notified at an early a stage as possible when problems arise. One of our main accommodation providers has also established a Welfare Officer post themselves to address the same issues and who work closely with our own Welfare Officers.

### 3.3 Analysis of Evictions

- 3.3.1 Data has been gathered for the period 01/04/17 to 31/03/18 on the number of placements made; the number of evictions and the reasons for any evictions. The figures below represent the total number of placements made in the period - which includes the first time a household is placed and any subsequent transfers or re-placements. The figures are not the actual number of households

accommodated in the period as a household might have been placed more than once in the period. This follows the same rationale as per the previous report and we have provided those figures in brackets for comparison.

Period	No. of placements	No. of evictions	No. evicted due to breach of licence	No. housing duty discharged	No. re-accommodated	Didn't represent
1/4/17 – 30/6/17	273 (245)	7 (9)	7	2	5	0
1/7/17 – 30/9/17	301 (262)	7 (8)	7	2	4	1
1/10/17 – 31/12/17	218 (215)	9 (12)	9	0	8	1
1/1/18 – 31/3/18	204 (217)	10 (21)	10	0	8	2
Total	996 (939)	33 (50)	33	4	25	4

3.3.2 The council made 996 placements in emergency accommodation in 2017 / 18. Of those

- 33 (3.41%) were evicted and
- 963 (96.59%) remained in their accommodation.

3.3.3 Of the 33 evictions it was found that in all cases the eviction was because the household had breached their license conditions. However, 25 of the 33 (75.76%) were re-accommodated. The rationale for this is explained in para 3.8 below.

3.3.4 Only 4 households of those evicted (12.12%) had their housing duty discharged. A further 4 households (12.12%) did not re-present to us.

3.3.5 We could find no record that any of the households evicted had reported that repairs were needed to their property or had made any complaints.

3.3.6 Below is a list of the emergency accommodation providers and the number of units they have. In addition are 60 spot purchase units.

Accommodation Providers	Number of Units
Baron Homes including Moretons	<b>255</b>
Helgor Trading (excluding Baytree)	<b>120</b>

Colgate and Gray	<b>54</b>
<b>Total</b>	<b>429</b>

3.4 During the year there was an Ombudsman investigation where it was found that the Council had failed to obtain evidence from an accommodation provider to support the reason for an eviction. Following that finding we now ensure that we obtain records and evidence from accommodation providers pertaining to an eviction and ensure that all processes in the contract are adhered to as per the following contract clause -

- “In the event that the Provider becomes aware that an Occupier has breached or is likely to breach any of the terms of their Occupier Agreement the Provider shall inform the Council and take all reasonable enforcement steps. All warnings and enforcement steps taken by the Provider against the Occupier must be made in writing to the Occupier (the form of these notices to be agreed with the Council). Records of all these actions must be kept by the Provider and provided to the Council on request”

3.5 We are setting up operational monthly meetings between the Council and the accommodation providers to ensure that households are receiving the support they require to manage their accommodation, as well as to discuss ongoing operational matters such as disrepair, complaints, void control etc.

3.6 If a household is evicted then the housing duty will only be discharged if it can be sufficiently demonstrated that the threshold as set out in Part 7 of the Housing Act 1996 relating to ‘intentional homelessness’ has been met. In the event of disputed evidence which cannot be reconciled the council in accordance with the homelessness Code of Guidance will err on the side of the applicant and would not discharge the housing duty.

3.7 Prior to any eviction and wherever possible, work will have been ongoing between the council’s Temporary Accommodation Housing Officers and Welfare Officers; the accommodation providers and any support agencies involved, to try and effect a resolution to any problems that have arisen.

3.8 A significant proportion of single people in emergency accommodation have complex support needs and are waiting for supported accommodation. The high demand for supported accommodation means that people can be waiting for a considerable amount of time for a suitable vacancy. This can mean that whilst people may be linked in with support services, they do not cope well in emergency accommodation which may lead to difficulties arising and the licence agreement being breached. In those circumstances it is sometimes better to move the person into alternative emergency accommodation where they may

cope better. This in part explains why the housing duty is discharged for only a very small number of those who are evicted.

- 3.9 Please see Appendices below for some examples of the reasons why households are evicted.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 None

#### **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 The Temporary Accommodation Action Group was consulted over the collation of the results.

#### **6. CONCLUSION**

- 6.1 The numbers of evictions has fallen to 3.4% of all placements made compared to 5.32% the same period last year. The total number of placements made has increased slightly from 939 in 2016/ 17 to 996 in 2017 / 18.

- 6.2 This is a positive outcome attributable to a more collaborative working relationship between providers, support agencies, the TAAG and the council to identify and intervene to resolve issues at a early stage so as to better support people.

- 6.3 We will continue to monitor evictions to identify further actions, support or training to enable people to maintain their accommodation and prevent disputes escalating into evictions where possible.  
Following the implementation of the Homelessness Reduction Act on 3rd April we are actively intervening at an early stage to prevent homelessness before it happens and thereafter reduce the need to place households in temporary accommodation.

#### **7. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

- 7.1 The cost of this review into temporary accommodation evictions has been met from the current budget resources within the Housing Options service. The two new welfare officers are being funded through the Flexible Homelessness Support Grant that currently runs until 31<sup>st</sup> March 2020.

*Finance Officer Consulted: Monica Brooks*

*Date: 18/05/18*

##### Legal Implications:

- 7.2 There are no legal implications of concern in this report.

Equalities Implications:

- 7.3 There may be some vulnerable groups ( in particular those with a disability) within the group being accommodated and it is important to note that where this is identified it is reflected in the decision making process either to evict or to re-house.

Sustainability Implications:

- 7.4 None

Any Other Significant Implications:

- 7.5 None



## **Appendix: 1**

### **Examples of some of the reasons for the evictions in the report:**

Threatening behaviour, aggressive, armed police called to the scene.

Damages to the property, had a dog, bullied other tenants, abusive to the caretaker and staff at the office and refused to move out.

Urinated from the top floor down to the court yard, drunk all the time and very disruptive

Harassment and bullying against another tenant, police called over 5 times, was arrested.

Known drug dealer, always allowed his dog into his room and the building and had parties, disturbing other residents, police called.

Allowing non-residents into the building, drugs and service charge arrears.

Antisocial and threatening behaviour to staff and other residents.

Gave keys to non-residents.

Verbal abuse etc to caretaker.

Drug use and visitors.

### **Documents in Members' Rooms**

None

### **Background Documents**

None

Crime & Disorder Implications:

None

Risk and Opportunity Management Implications:

None

Public Health Implications:

None

Corporate / Citywide Implications:

None

<b>Subject:</b>	<b>Annual Report 2018</b>		
<b>Date of Meeting:</b>	<b>13 June 2018</b>		
<b>Report of:</b>	<b>Executive Director Neighbourhoods, Communities &amp; Housing</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Ododo Dafe</b>	<b>Tel: 01273 293201</b>
	<b>Email:</b>	<b>Ododo.dafe@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE**

**1. PURPOSE OF REPORT AND POLICY CONTEXT**

1.1 The Annual Report has been provided to council tenants and leaseholders since 2010. The regulatory framework for social housing in England from the Homes and Communities Agency sets out the requirements for the areas that must be covered in the report, these include:

- Information on the repairs and maintenance budget
- Timely and relevant information
- Support for tenants to build capacity and be more effectively involved

**2. RECOMMENDATIONS:**

2.1 That the Housing & New Homes Committee approves the draft Annual Report 2018 to council tenants and leaseholders (attached as Appendix 1). The final version of the report will be sent to all residents with the summer edition of Homing In and will also be available to view on the council's website.

**3. CONTEXT/ BACKGROUND INFORMATION**

3.1 The annual report contains key performance and other information for the financial year 2017/18 along with illustrative quotes from residents. We have included figures for how we have been doing in key areas such as building new homes, rent collection and complaint handling.

3.2 The style of the 2018 report will be similar to the previous year's, with some changes to keep it fresh. Each section highlights the difference we have made over the past year, and looks ahead to our plans for the coming year.

**4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

4.1 An easy to view video will also be produced to provide residents with an alternative way of accessing the annual report.

## 5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 A draft text version of this report went to Area Panels in May 2018. As a result of feedback at these meetings, a brief summary of overall performance has been included at the beginning of the report. This summary is based on end year information in the Housing Management Performance Report which also goes to Housing & New Homes Committee. In addition, performance results presented as percentages are also followed by the numbers they're calculated from.
- 5.2 A draft designed copy of the annual report was discussed at the Homing In Editorial Board on 1 June 2018. The board were pleased with the graphic design in the report, and thanks to their feedback some minor amendments were identified which will be made to the final version.

## 6. FINANCIAL & OTHER IMPLICATIONS:

### Financial Implications:

- 6.1 All costs of producing and delivering the annual report are met from current budget resources within the HRA. As this is sent out with Homing-In, costs are kept to a minimum. Most of the cost relates to staff time with some extra print costs estimated at £1,000.

*Finance Officer Consulted: Monica Brooks*

*Date: 01/06/18*

### Legal Implications:

- 6.2 The Tenant Involvement and Regulation Standard imposed by the Homes and Communities Agency (HCA), provides that "Registered providers shall support their tenants to develop and implement opportunities for involvement and empowerment, including by:

The provision of timely and relevant performance information to support effective scrutiny by tenants of their landlord's performance in a form which registered providers seek to agree with their tenants. Such provision must include the publication of an annual report which should include information on repair and maintenance budgets. The Annual report addresses this requirement.

On 11 January 2018, the HCA's non-regulation arm adopted a new trading name, Homes England. From that date, the HCA's regulation directorate, referred to itself as the Regulator of Social Housing. However, until legislation is enacted the HCA continues to exist.

*Lawyer Consulted: Liz Woodley*

*Date: 21/05/18*

### Equalities Implications:

- 6.3 There are no direct equalities implications arising from this report.

### Sustainability Implications:

- 6.4 There are no direct sustainability implications arising from this report.

Crime & Disorder Implications:

6.5 There are no direct crime and disorder implications arising from this report.

Risk and Opportunity Management Implications:

6.6 There are no direct risk and opportunity implications arising from this report.

Public Health Implications:

6.7 There are no direct public health implications arising from this report.

Corporate or Citywide Implications:

6.8 There are no direct corporate or city wide implications arising from this report.

**SUPPORTING DOCUMENTATION**

**Appendices:**

1. Draft Annual Report 2018

**Documents in Members' Rooms**

None

**Background Documents**

None



# Annual Report

to council tenants & leaseholders 2018

Welcome to our annual report, highlighting the difference we have made over the past year, through working with you - our 11,300 council tenants and 2,800 leaseholders, as well as your families, friends and neighbours.

Our overall performance remains steady compared to last year, with seven in ten performance indicators meeting their targets in both 2016/17 and 2017/18 (34 of 48 comparable indicators in both years). These indicators are monitored through our Housing Management Performance Reports, which you can read online at [www.brighton-hove.gov.uk/hsg-performance](http://www.brighton-hove.gov.uk/hsg-performance)

The report also looks ahead and highlights our plans for the coming year to improve your service.

DRAFT



Brighton & Hove  
City Council



## A welcome from the Chair of Housing & New Homes Committee

As chair of the Housing & New Homes Committee, I've seen first-hand the contribution of the city's Housing services in making Brighton & Hove a better and fairer place. I'm proud to present our 2018 annual report, which highlights the difference we've made for our tenants and leaseholders, and looks ahead to what we'll be doing next.

In the last year, we made great progress towards important goals like building new council homes, and developing young peoples' skills through taking on apprentices with our partners Mears and K&T Heating.

Our staff went the extra mile to reach out to concerned residents following the Grenfell Tower fire in London. We have also been working hard to support those of you affected by Universal Credit, and will continue to do so as more people move over in the coming year.

We know there's work to be done, and it is extremely important to us that we use your feedback to focus on making the changes that matter to you. I'd like to encourage you to take part in the consultation and customer feedback opportunities we offer, including Area Panels, Service Improvement Groups surveys and focus groups – or by simply getting in touch with your thoughts. Finally, I wish to thank you for the valuable contributions you have already made.

**Councillor Anne Meadows**

2 Annual report to council tenants and leaseholders

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## Main improvements

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### The difference we have made

- Provided 1,100 people with a secure new place to live by letting 613 council homes.

### Built 104 new council homes.



- Quickly contacted over 1,700 tenants and 600 leaseholders living in high-rise blocks following the Grenfell Tower fire in London, with staff hand delivering information letters and responding to hundreds of your queries. Residents told us they felt safe and reassured as a result.
- Updated the tenancy agreement to give you clear and fresh information about your rights and responsibilities.
- Supported almost 500 tenants affected by Universal Credit and over 2,000 tenants with rent arrears to manage in difficult situations.
- Collected 98.66% of rent while also minimising evictions. This amounts to almost £50 million, and is a small decrease (0.30% in a year) considering the Universal Credit rollout..
- Completed the cutting edge Brooke Mead extra care scheme, which provides 45 safe and secure homes designed for older people with dementia. It includes features such as Stoveguard (an auto timer turn off switch for cookers) fitted with help from the fire service.
- Completed 228 major adaptations in council homes, improving the daily lives of people with mobility needs and increasing their independence. One happy customer said their occupational therapist was "worth her weight in gold."
- With our partners Mears and K&T Heating, took on 30 new apprentices.



## Customer service and feedback

### The difference we have made

- Kept you waiting for less time by answering phone calls to Housing Customer Services within about 30 seconds on average, down from about 40 last year. The team takes 135 calls every working day.

**Increased the number of tenants signed up to the customer online system (COS) to 2,325 (from 2,209 a year ago), so that more of you have 24 hour access to your housing account information.**



- Responded to 82% of your complaints within 10 working days (294 of 360).
- Used your individual written responses within our customer service surveys, which 403 of you took part in, to inform service improvements. In our most recent survey, 87% of you (105 of 121) were satisfied overall with the customer service you received, up from 85% (226 of 265) a year ago.

### Looking ahead

- As part of our work to make the best use of our parking and garage sites, we will develop an online tool so you can see what vacancies are available and apply for them immediately.
- We will introduce digital self-service at Bartholomew House (staff helping customers use computers to get online) and review half our housing web pages.

**“I have never received such service as this before and I couldn’t believe how wonderful it was for me.”**

Feedback about Housing Customer Services

## Supporting you

### The difference we have made

- Supported 132 tenants to manage their tenancies, preventing the loss of their homes, and with other positive impacts like improved relationships with family and friends and decluttering their homes.
- Automatically enrolled people accepted for our gardening scheme last year onto this year’s scheme, so they didn’t have to apply again. The scheme helped almost 400 of you with grass and hedge cutting, and is available to tenants receiving disability-related benefits as well as most tenants aged 70 or over.
- Through our discretionary decorating scheme, helped 160 households by decorating a room for them, and helped 53 residents by providing decorating materials where they were able to do the work themselves or knew someone who could help.

**“I wanted to ensure that the team receive my heartfelt thanks for the fantastic job they did in my living room. Everything went very well, the job was done to a high standard and incredibly professionally.”**

Written feedback about decorating scheme

### Looking ahead

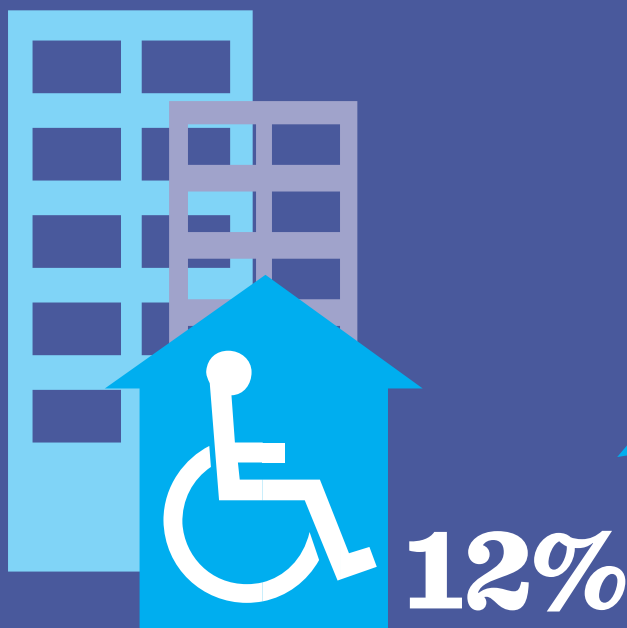
- We will review the way we carry out mutual exchanges to make the process simpler for tenants. During 2017/18 we helped 99 households move this way.
- We will help you to get online by offering you regular support sessions at Bartholomew House reception, including help to use the internet for things like shopping discounts and paying bills.

## Building new homes

### The difference we have made

- Built 104 new council homes for rent, providing secure and quality accommodation at the following developments:
  - Brooke Mead extra care scheme, with 45 one-bedroom flats
  - Kite Place, which has 57 one, two and three-bedroom flats
  - Normanhurst, where we converted unused storage space into two new flats.

**Built all our new homes to high design standards, including minimising the impact of noise from neighbouring properties. 12% are fully wheelchair accessible (12 of 104 homes) and rest are designed to be easily adapted if needed in the future.**



### Looking ahead

- We will finish two new developments, which are close to completion:
  - Hobby Place, with 29 one, two and three-bedroom flats
  - Lynchet Close, which has six houses and two flats.

## Resident involvement and empowerment

### The difference we have made

- Resident inspectors used their skills and expertise to improve services, including shadowing repairs and gas jobs to see first-hand how the work is done. Around 20 residents either carried out inspections or took part in discussions.
- Helped you get involved in your community through a new training programme, called 'Learn, Create, Innovate', which provided free skills workshops and activities for tenants and leaseholders.
- Acting on the recommendations from the Resident Involvement Service Review, changed the format of Area Panels so that resident representatives directly set the agendas with the councillors who chair the meetings.

### Looking ahead

- We will conclude the review of Area Panels, to increase representation of residents.

**Receiving the news about moving to a wheelchair accessible flat at Kite Place was absolutely fantastic. We were so excited."**

**"The flat is absolutely perfect for us, I love the open plan kitchen and living room and we have a lovely balcony. A lot of thought has gone into everything, even the corridors and landscaping of the grounds are amazing."**

**"It's amazing to know we're not going to have to move again."**

Feedback from new Kite Place residents

## Your home

### The difference we have made

Used the Housing Revenue Account's repairs and maintenance spend for 2017/18 to invest £9.675m in the following areas:

**£4.592m on responsive repairs to complete 39,000 repairs in your homes - an average of 150 every working day. The repairs helpdesk answered an average of 308 calls every working day, 77% of which were answered within 20 seconds.**



- £1.808m on empty properties, carrying out major work to 256 homes to make them ready for new tenants.
- £3.275m on servicing and other repairs, including safety checking 10,006 gas boilers in tenants' homes. In partnership with K&T Heating, we offer a full range of competitive gas services for leaseholders, from a boiler service to a complete new heating installation.

Used the capital investment programme (which sets out how the council invests in homes and neighbourhoods) for 2017/18 to invest £23.306m in the following areas:

- £10.181m on planned maintenance programmes, including replacing 316 kitchens, 86 bathrooms, 640 windows and 302 doors, so we could make you more comfortable in your homes. We brought forward window replacement work in Woodingdean following residents' feedback.

**“Operatives arrived promptly, were polite and considerate. The repair proceeded very efficiently, with a bare minimum of disruption and was swiftly completed to my full satisfaction.”**

Customer feedback

- £7.806m on major projects, including improvement work at 13 blocks in the city, containing 302 council and 134 leasehold flats. Work at the Clarendon & Ellen estate in Hove was rated highly under the Considerate Constructors Scheme.
- £5.319m on mechanical and electrical programmes, including upgrading five lifts, so we could make bring your facilities up to date.

We have also made a difference through other developments including the following:

- Started our SHINE ('sustainable houses in an inclusive neighbourhood') energy efficiency advice project, helping you through free home visits offering personalised energy saving tips and installing some small energy saving measures.
- Carried out a full review of customer contact, complaints and compliments processes on the repairs partnering contract. We have seen the number of new complaints about the service decrease from 305 in the previous year to 247 this year.

### Looking ahead

- We are working to reduce fuel poverty through our new Energy Strategy, which includes work to make your homes more energy efficient and offering advice on finding better deals for gas and electricity.
- We will be testing new gas boiler technology which will allow us to remotely diagnose faults before visiting properties.
- We will work with leaseholders and councillors to develop new proposals to further improve how we engage with leaseholders of around 2,800 properties.

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## Welfare reform

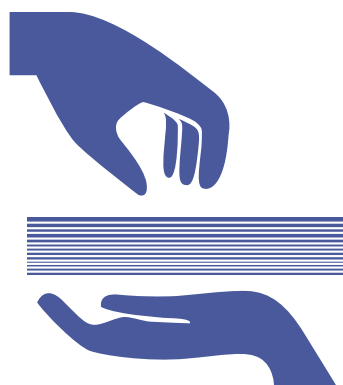
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### The difference we have made

- Expanded our 'Rent Matters' communication campaign by contacting over 300 households at risk of complications relating to Universal Credit, to provide them with advice and support.
- Helped over 60 tenants into work, volunteering or training through our Housing Employment Support Team.

The team has also supported 19 tenants to successfully appeal benefit decisions, increasing their annual income by an average of about £5,800 each.

**19 tenants  
+ £5,800**



### Looking ahead

- Although it has taken longer than expected, we will launch the 'Better Start' online guide this summer. The guide will help new tenants get the best start in managing a home and their tenancy.

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## Seniors Housing

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### The difference we have made

Held hundreds of social events across our seniors housing schemes, including meals, games and exercise classes. Many of you have told us about the positive changes these events make to your lives, including becoming more active and making new friends.



- Widened the range of activities we offer you by running a series of dance workshops with South East Dance at Leach Court, including one that brought together seniors housing residents and local families with children.
- Worked with LGBT (lesbian, gay, bisexual and transgender) Switchboard to host the opening of the Rainbow Café at Brooke Mead, which 70 people attended. The café is a friendly and supportive place for LGBT people concerned about memory loss or dementia, as well for as their loved ones or carers.
- Worked with the Red Cross to provide first aid training to seniors housing residents, to help them know what to do in an emergency.

### Looking ahead

- We will increase our work with Age UK Brighton & Hove, for example by inviting them to host advice and information sessions in our schemes.

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## Your neighbourhood and community

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### The difference we have made

Our Estate Development Budget provided funds for the Craven Vale Community Association to plant a mini orchard of fruit trees on the estate, which has improved the look of the estate and brought residents together to care for the trees.



- Completed almost 3,800 jobs to remove bulk waste and fly-tipped items, to keep your hallways and communal areas clear and safe.

### Looking ahead

- We will work to reduce fly-tipping through promoting appropriate ways to dispose of unwanted household goods, electronics and furniture. These include furniture recycling, the Cityclean pick-up service, and charities that can take reusable items.

**“I’ve always considered our estates team to be a service that just keeps on giving.”**

## Tenancy fraud update

Tackling tenancy fraud remains a key priority for the council. During 2017/18, we took back 20 properties following fraud investigations, therefore providing secure homes for people on our waiting list.



If you suspect someone got their council tenancy fraudulently, is illegally subletting their home, or keeping their tenancy while living elsewhere, please contact our fraud team in confidence by calling 01273 291847 or emailing [anti-fraud@brighton-hove.gov.uk](mailto:anti-fraud@brighton-hove.gov.uk)

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## Anti-social behaviour (ASB)

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### The difference we have made

- Worked with the Brighton & Hove Independent Mediation Service to bring neighbours together to help settle their disputes.
- Ended the tenancies of five households causing a nuisance, by using the legal enforcement powers available to us to deal with ASB and criminal behaviour.
- Helped people experiencing domestic violence to avoid moving where possible, eg through installing home security measures for them. This meant they could stay in their local communities.

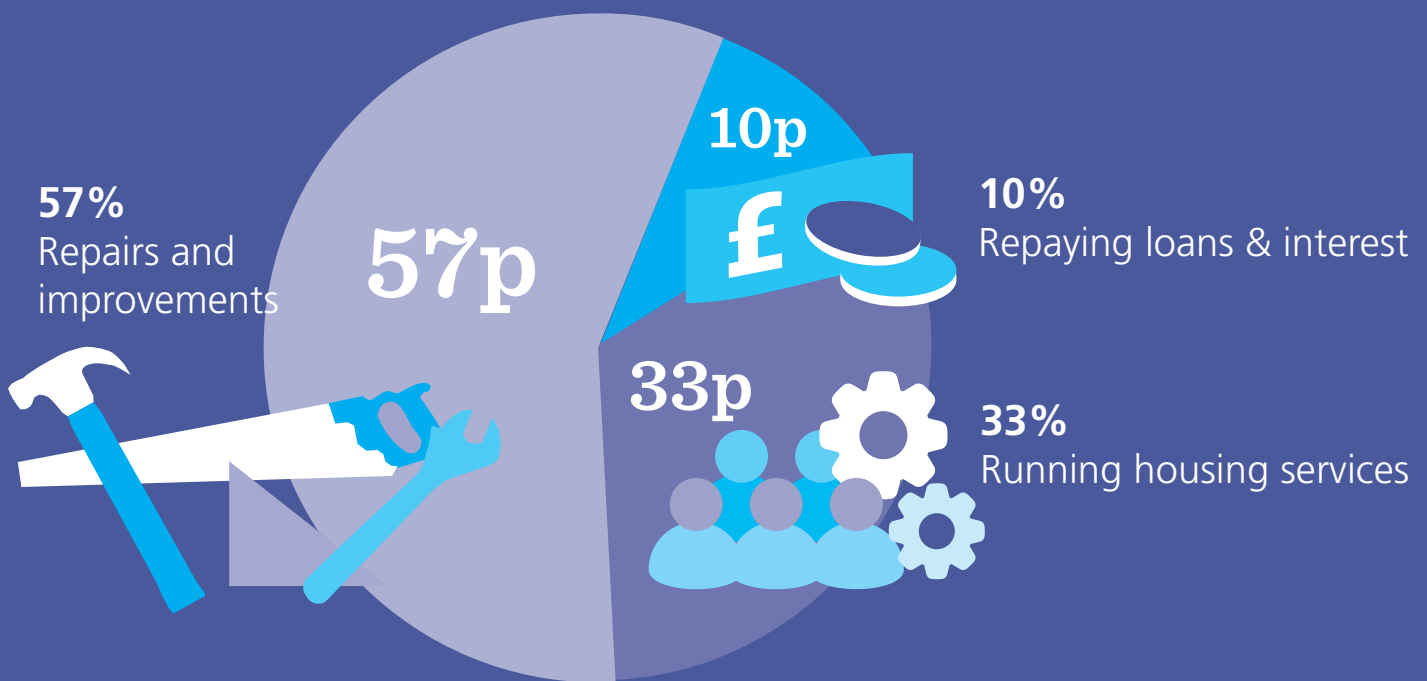
### Looking ahead

- We will improve how we carry out ASB victim satisfaction surveys, to gather feedback from more of you. During 2017/18, 83% of people surveyed (29 of 35) said they were satisfied with our ASB service overall.

# How do we spend the money

## Income and expenditure

Each £1 of rent and service charge income pays for:



Total income: : **£58.4 million**

Total expenditure: **£57.8 million**

The difference in income of £0.6 million has been added to reserves in the Housing Revenue Account to fund future investment in your homes and build new ones.

You can find more information on our performance at [www.brighton-hove.gov.uk/hsg-performance](http://www.brighton-hove.gov.uk/hsg-performance)

If you have any comment on this annual report or if there is anything you'd like to see in future editions we would welcome your feedback.

Please contact us at [housing.performance@brighton-hove.gov.uk](mailto:housing.performance@brighton-hove.gov.uk)  
[@BHCCtenants](https://www.facebook.com/tenantandleaseholder) [www.facebook.com/tenantandleaseholder](https://www.facebook.com/tenantandleaseholder)

<b>Subject:</b>	<b>Housing Management Performance Report Quarter 4 and end of year 2017/18</b>		
<b>Date of Meeting:</b>	<b>13 June 2018</b>		
<b>Report of:</b>	<b>Executive Director Neighbourhoods Communities &amp; Housing</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Ododo Dafé</b>	<b>Tel: 01273 293201</b>
	<b>Email:</b>	<b>ododo.dafe@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

## FOR GENERAL RELEASE

### 1. SUMMARY AND POLICY CONTEXT:

- 1.1 The housing management performance report covers Quarter 4 of the financial year 2017/18 alongside year end results. The report is attached as Appendix 1 and there are also appendices providing benchmarking information from Housemark (appendix 2) and additional information about asbestos and legionella safety (appendix 3). Notable results for quarter 4 include:

- **Rent collection and current arrears** – 98.66% of rent collected.
- **Customer services and complaints** – Housing customer services answered 97% of calls and 86% of complaints were responded to within 10 working days.
- **Empty home turnaround time** – 117 homes re-let in an average of 22 days (excluding time spent in major works).
- **Repairs and maintenance** – 97% of appointments were kept and the repairs helpdesk answered 94% of calls.
- **Estates service** – 99% of mobile warden jobs were completed within 3 working days and 98% of cleaning tasks were completed.
- **Anti-social behaviour** – 83% of people surveyed were satisfied with the way their anti-social behaviour complaint was dealt with.
- **Tenancy management** – 31 people helped to keep their tenancies which were at risk and eight properties returned to stock due to housing fraud.
- **Seniors housing** – 95% of residents have been visited at home within the last year.

### 2. RECOMMENDATIONS:

- 2.1 That the Housing & New Homes Committee notes and comments upon the report.

### **3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

- 3.1 The report continues the use of the 'RAG' rating system of red, amber and green traffic light symbols to provide an indication of performance, and also trend arrows to provide an indication of movement from the previous quarter.

### **4. COMMUNITY ENGAGEMENT AND CONSULTATION:**

- 4.1 A draft version of this report went to Area Panels in May 2018. As a result of feedback at these meetings, the report has been amended to include additional information in section 3.7 about a long term empty property in Hanover and Elm Grove. Future reports will also include further information about major works, cyclical maintenance and housebuilding.

### **5. FINANCIAL & OTHER IMPLICATIONS:**

#### Financial Implications:

- 5.1 The area of performance with the most significant financial impact is the ability to collect rents from tenants. The report shows that during the year 2017/18, the amount of rent collected has reduced by 0.3% when compared to the previous year. This is a significant drop in the collection rate, although the rate is still above the target level set and still one of the highest collection rates in the country. Closer analysis of this position indicates that this increase in arrears is mainly due to the effects of tenants transferring from Housing Benefit to Universal Credit. The income management team is undertaking targeted work with tenants who are transferring to Universal Credit, and the 2018/19 HRA budget allows for a further 3 full time equivalent (FTE) posts in this team for this purpose.

*Finance Officer Consulted: Monica Brooks*

*Date: 18/05/18*

#### Legal Implications:

- 5.2 The Committee has delegated powers to discharge the Council's functions as a housing landlord including the management of property within the Housing Revenue Account and associated properties. It is therefore appropriate for it to receive this Housing Management Performance report.

*Lawyer Consulted: Liz Woodley*

*Date: 21/05/18*

#### Equalities Implications:

- 5.3 There are no direct equalities implications arising from this report.

#### Sustainability Implications:

- 5.4 There are no direct sustainability implications arising from this report.



Crime & Disorder Implications:

- 5.5 There are no direct crime and disorder implications arising from this report. Cases of anti-social behaviour involving criminal activity are worked on in partnership with the Police and other appropriate agencies.

Risk and Opportunity Management Implications:

- 5.6 There are no direct risk and opportunity implications arising from this report.

Public Health Implications:

- 5.7 There are no direct public health implications arising from this report.

Corporate or Citywide Implications:

- 5.8 There are no direct corporate or city wide implications arising from this report.







**SUPPORTING DOCUMENTATION**

**Appendices:**

1. Appendix 1. Housing Management Performance Report Quarter 4 and end of year 2017/18
2. Appendix 2. Summary of results: Housemark Cost and performance benchmarking report 2016/17
3. Appendix 3. Additional information about asbestos and legionella safety.

## Housing Management Performance Report Quarter 4 and end of year 2017/18

This housing management performance report covers Quarter 4 of the financial year 2017/18 alongside year end results. It uses the 'RAG' rating system of red, amber and green traffic light symbols to provide an indication of performance, and also trend arrows to provide an indication of movement from the previous quarter.

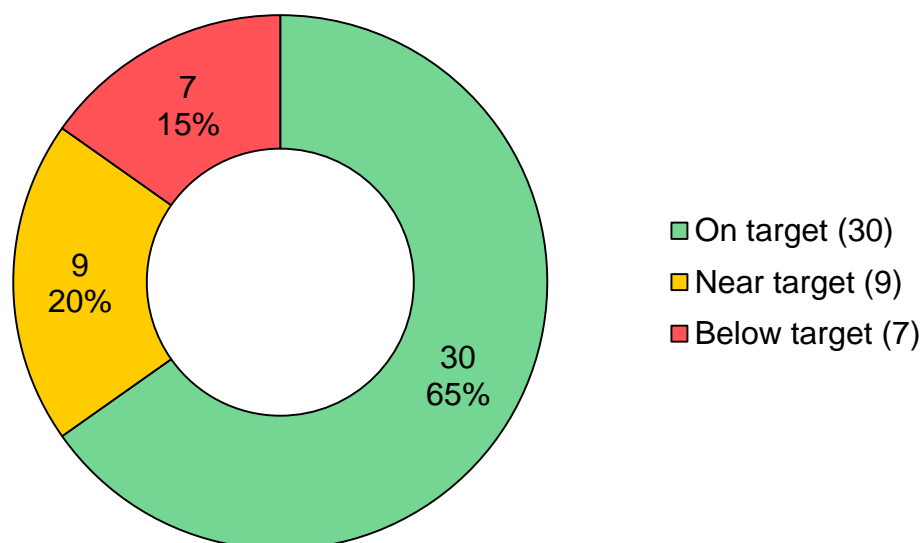
Status		Trend	
	Performance is below target (red)		Poorer than previous reporting period
	Performance is close to achieving target, but in need of improvement (amber)		Same as previous reporting period
	Performance is on or above target (green)		Improvement on previous reporting period

Comments on performance are given for indicators which are near or below target.

A total of 46 performance indicators are measured against a **quarterly** target:

- 30 are on target (last quarter, 27 of them were on target, 2 were near target and 1 was below target)
- 9 are near target (4 were on target, 2 were near target and 3 were below target)
- 7 are below target (3 were on target, 1 was near target and 3 were below target).

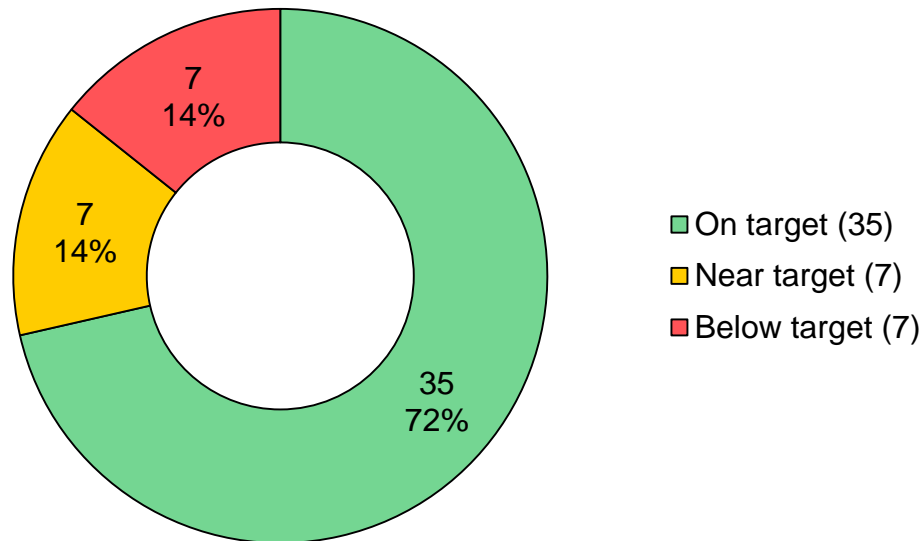
### Status of quarterly performance indicators



A total of 49 performance indicators are measured against an **annual** target:




















- 35 are on target (last year, 27 of them were on target, 6 were near target, 1 was below target and 1 is a new indicator)
- 7 are near target (3 were on target, 3 were near target and 1 was below target)
- 7 are below target (4 were on target, 1 was near target and 2 were below target).

### Status of annual performance indicators



The icons used in this report are sourced from [www.flaticon.com](http://www.flaticon.com) and designed by 'Freepik.

## 1. Rent collection and current arrears

 Rent collection and current arrears indicators	Target 2017/18	Q3 2017/18	Q4 2017/18	Status against target	Trend since last quarter	Year end 2016/17	Year end 2017/18	Status against target	Trend since last year
1.1 Rent collected as proportion of rent due for the year	98.40%	98.79% (£49.9m of £50.5m)	98.66% (£49.9m of £50.6m)			98.96% (£50.6m of £51.1m)	98.66% (£49.9m of £50.6m)		
1.2 Total current tenant arrears	For info	£628k	£694k	-	-	£533k	£694k	-	-
1.3 Tenants served a Notice of Seeking Possession	For info	136	227	-	-	692	635	-	-
1.4 Tenants evicted because of rent arrears (year to date)	20	2	2	-	-	6	2		
1.5 Rent loss due to empty dwellings (for the year)	Under 1%	0.75% (£376k of £50.3m)	1.06% (£537k of £50.5m)			0.93% (£474k of £50.9m)	1.06% (£537k of £50.5m)		
1.6 Former tenant arrears collected (year to date)	25%	20.95% (£118k of £563k)	25.01% (£149k of 595k)	-	-	36.09% (£195k of £541k)	25.01% (£149k of 595k)		
1.7 Rechargeable debt collected (year to date)	20%	9.70% (£12k of £124k)	12.44% (£15k of £121k)	-	-	22.03% (£28k of £128k)	12.44% (£15k of £121k)		
1.8 Collection rate of gross leaseholder arrears (for the year)	68%	Annual indicator	68% (£3.1m of £4.6m)	-	-	71% (£3.7m of £5.1m)	68% (£3.1m of £4.6m)		
1.9 Collection rate of recoverable leaseholder arrears (for the year)	98%	Annual indicator	98% (£4.5m of £4.6m)	-	-	96% (£5.0m of £5.1m)	98% (£4.5m of £4.6m)		

Two indicators are below or near target:

**Rent loss due to empty dwellings – target 1%**


Performance during 2017/18 was 1.06% and very slightly missed the target. There was a temporary increase in overall rent loss during Quarter 4 because many new build council homes were completed (45 at Brooke Mead and 57 at Kite Place) and rent was lost from them during the process of letting them to new tenants.

**Rechargeable debt collected – target 20%**


Although performance at 12.44% missed the target, enough rechargeable debt was collected in order to reduce the overall amount outstanding from £128k at the start of the financial year to £121k at the end.

DWP Welfare reform information		Q3 2017/18	Q4 2017/18	Year end 2016/17	Year end 2017/18
1.10	Universal Credit – affected tenants	239 (2.1% of all tenants)	498 (4.4% of all tenants)	71 (0.6% of all tenants)	498 (4.4% of all tenants)
1.11	Universal Credit – arrears of affected tenants	£86k (14% of total arrears)	£160k (23% of total arrears)	£24k (5% of total arrears)	£160k (23% of total arrears)
1.12	Removal of the Spare Room Subsidy – affected tenants (under occupiers)	605 (5%)	580 (5%)	664 (6%)	580 (5%)
1.13	Under occupiers – arrears of affected tenants	£48k (8%)	£45k (6%)	£48k (9%)	£45k (6%)
1.14	Benefit Cap – affected tenants	43 (0.4%)	47 (0.4%)	48 (0.4%)	47 (0.4%)
1.15	Benefit Cap – arrears of affected tenants	£12k (2%)	£5k (1%)	£6k (1%)	£5k (1%)

























### 1.16 Area breakdown of rent collected

 Rent collection area	Q3 2017/18	Q4 2017/18	Trend since last quarter
North (includes Seniors housing)	99.06% (£14.2m of £14.4m)	98.99% (£14.2m of £14.4m)	↓
West	98.73% (£10.2m of £10.4m)	98.60% (£10.2m of £10.4m)	↓
Central	98.51% (£9.0m of £9.1m)	98.42% (£9.0m of £9.1m)	↓
East	98.73% (£16.5m of £16.7m)	98.55% (£16.5m of £16.7m)	↓
All areas	98.79% (£49.9m of £50.5m)	98.66% (£49.9m of £50.6m)	↓

### 1.17 Tenants in arrears by amount

 Amount of arrears	Q3 2017/18	Q4 2017/18
No arrears	81% (9,217)	77% (8,781)
Any arrears	19% (2,167)	23% (2,615)
... £0.01 to £99.99	7.9% (900)	10% (1,186)
... £100 to £499.99	8.1% (917)	9.2% (1,054)
... £500 and above	3.1% (350)	3.3% (375)
Total tenants	11,384	11,396

## 2. Customer services and complaints

 <b>Customer services and complaints indicators</b>		Target 2017/18	Q3 2017/18	Q4 2017/18	Status against target	Trend since last quarter	Year end 2016/17	Year end 2017/18	Status against target	Trend since last year
2.1	Calls answered by Housing Customer Services Team (HCST)	90%	97% (8,068 of 8,317)	97% (8,975 of 9,294)			90% (31,240 of 34,578)	95% (33,864 of 35,728)		
2.2	Customers satisfied with HCST	87%	79% (Sept 2017)	87% (105 of 121)			85% (226 of 265)	87% (105 of 121)		
2.3	Customers who found HCST easy to contact	89%	83% (Sept 2017)	96% (116 of 121)			87% (228 of 262)	96% (116 of 121)		
2.4	Stage one complaints responded to within 10 working days	80%	82% (74 of 90)	86% (69 of 80)			71% (309 of 434)	82% (294 of 360)		
2.5	Stage one complaints upheld	For info	37% (33 of 90)	39% (31 of 80)	-	-	41% (178 of 434)	39% (141 of 360)	-	-
2.6	Stage one complaints escalated to stage two	10%	13% (12 of 90)	10% (8 of 80)			12% (50 of 434)	12% (42 of 360)		
2.7	Stage two complaints upheld	17% or under	17% (2 of 12)	25% (2 of 8)			16% (8 of 50)	24% (10 of 42)		
2.8	Housing Ombudsman Complaints upheld (year to date)	18% or under	13% (1 of 8)	11% (1 of 9)			0% (0 of 3)	11% (1 of 9)		



## **How we are using this information to improve services – Customer services and complaints**

Two indicators are below or near target:


















### **Stage one complaints escalated to stage two – target 10%**

The result for 2017/18 was 12%, the same as the year before, and was slightly off target (by 2% points). However, performance met the target during Quarter 4 which reflects the work that has been done to provide more informative and considered responses at stage one (in order to prevent escalation).

### **Stage two complaints upheld – target 17%**

Performance here missed the target because of a small increase in the number of stage two complaints that were upheld, from eight during 2016/17 to 10 during 2017/18. The overall number of complaints has fallen between these periods, at both stage one (from 434 to 360) and stage two (from 50 to 42). Most of the upheld stage two complaints in 2017/18 (7 in 10) related to repairs and maintenance, and although complaints about this subject are less likely to get escalated (9% were compared to 12% of complaints overall) those which do tend to be about complex issues.

### 3. Empty home turnaround time and mutual exchanges

	Empty home turnaround time and mutual exchange indicators	Target 2017/18	Q3 2017/18	Q4 2017/18	Status against target	Trend since last quarter	Year end 2016/17	Year end 2017/18	Status against target	Trend since last year
3.1	Average re-let time, excluding time spent in major works (calendar days)	21	19 (131 lets)	22 (117 lets)			19 (538 lets)	20 (538 lets)		
3.2	... as above for general needs properties	21	15 (111 lets)	17 (93 lets)			16 (404 lets)	16 (446 lets)		
3.3	... as above for Seniors housing properties	30	42 (20 lets)	39 (24 lets)			29 (134 lets)	40 (92 lets)		
3.4	Average re-let time, including time spent in major works (calendar days)	For info	34 (131 lets)	42 (117 lets)	-	-	51 (538 lets)	46 (538 lets)	-	-
3.5	Re-lets undergoing major works	For info	51% (67 of 131)	46% (54 of 117)	-	-	59% (320 of 538)	56% (301 of 538)	-	-
3.6	Decisions on mutual exchange applications made within 42 calendar days (statutory timescale)	100%	100% (35 of 35)	100% (33 of 33)			100% (186 of 186)	100% (132 of 132)		

NB There were a total of 613 lets during 2017/18, of which 538 were re-lets of existing stock and the other 75 were lets to new build council homes at Brooke Mead and Kite Place during Quarter 4.

## **How we are using this information to improve services – Empty home turnaround time and mutual exchanges**

Two indicators are below or near target:

### **Average re-let time, excluding time spent in major works – target 21 calendar days**

Although the Quarter 4 result of 22 days slightly missed the target, performance during 2017/18 as a whole was 20 days and therefore met the target.

### **Average re-let time for Seniors housing properties, excluding time spent in major works – target 30 calendar days**

Performance during 2017/18 missed the target, with the average re-let time increasing to 40 calendar days compared to 29 during the previous year. Seniors housing properties are usually more difficult to let than general needs ones, generally because there are fewer people on the waiting list who are eligible for them (this depends on assessed need) and because some are relatively unpopular as they are small in size. The Property & Investment team and partners have undertaken conversion works at several schemes in order to convert smaller dwellings into larger ones.

### 3.7. Long term empty dwellings by ward (empty six weeks or more as of 1 April 2018)

Ward name (excludes those with no long term empty properties)	No. dwellings	Average days empty	Range of days empty	Total rent loss*	Comment
East Brighton	5	66	58-77	£5.6k	2 seniors flats ready to let; and 3 new build flats ready to let
Goldsmid	2	116	56-175	£3.2k	1 house undergoing major works and one flat ready to let
Hangleton and Knoll	3	315	77-448	£12.6k	2 houses undergoing major works; 1 house due to undergo an extension
Hanover and Elm Grove	1	518	518-518	£7.8k	1 house undergoing major works
Hollingdean and Stanmer	3	107	49-217	£3.1k	1 flat undergoing major works; 1 seniors flat undergoing major works; 1 flat ready to let
Moulsecoomb and Bevendean	2	476	63-889	£15.k	1 house to undergo major works; 1 seniors flat ready to let
North Portslade	1	77	77-77	£796	1 seniors flat ready to let
Patcham	2	245	84-406	£6.6k	1 seniors flat ready to let; 1 house due to undergo an extension
Queens Park	13	79	79-79	£17.9k	13 new build flats ready to let (Brooke Mead extra care scheme)
Preston Park	1	217	217-217	£2.7k	1 flat undergoing major works
South Portslade	3	334	49-896	£15.4k	1 house undergoing major works; 2 seniors flats ready to let
Wish	1	56	56-56	£575	1 seniors flat ready to let
Total	37	167	49-896	£91.8k	Of the 37 properties, 26 are ready to let (70%); 2 are extensions (6%) 9 are major works (24%)

\*Total rent lost from the day each property became empty.

NB Several long term empty properties have been brought back into use during this quarter, thereby reducing the average number of days empty from 376 in Quarter 3 to 176 in Quarter 4.

### **Additional information about empty dwellings which had been empty for more than a year on 1 April 2018**

Further information has been requested by members about properties which have been empty for the longest times.

Most of these properties are part of the extensions programme, which is a long-term commitment to improve the quality of the housing stock, improve turnover of homes, and assist families who require major adaptations to allow them to remain in their homes.

The empty period for each of these properties includes lead in time whilst designs are undertaken and options are considered for the properties as well as construction time whilst extension and refurbishment works are being undertaken. It is acknowledged that improvements are needed with the overall time taken to deliver these extensions, particularly around lead in times. A review will be undertaken in 2018 to deliver an improvement in this performance.

#### **House in Hangleton and Knoll empty for 420 days**

Refurbishment works started in March 2018 and completion is now expected for June 2018. The refurbishment has had long lead in times through the design and scoping process.

#### **House in Hangleton and Knoll empty for 448 days**

This house is due to undergo an extension from two to three bedrooms. Works started in April 2018 and completion is expected in July 2018. Again there has been a long lead in period through design and scoping. This property is being considered for a local family who live on the Knoll estate, and requires an additional bedroom and adapted bathroom for a disabled member of the family.

#### **House in Hanover and Elm Grove empty for 518 days**

Complex major works started in November 2017 (involving a complete new roof and full internal refurbishment) and were completed in March 2018. When the property became empty it required extensive works and some time was taken to consider what the best options were for bringing it back into use. The property was let in April 2018.

#### **House in Moulsecomb and Bevendean empty for 889 days**

Refurbishment works started in February 2018 and were completed in April 2018. There was a long lead in time as the scope of the project changed through the design process. The original proposal was to extend the property to five bedrooms, however as demand for this size accommodation had reduced it was decided to simply carry out the necessary refurbishment. The property was let in May 2018.































#### **House in Patcham empty 406 days**

































This house is being refurbished, including alterations to bring the internal layout up to modern standards. Works started in April 2018 with completion expected in July 2018.

















#### **House in South Portslade empty 896 days**

This house has been refurbished including future proofing works for wheelchair access. Works started in January 2018 and were completed in April 2018. A number of different options for the property had been considered to match housing demand. This property was let in April 2018.

#### 4. Repairs and maintenance

 <b>Repairs and maintenance indicators</b>		<b>Target 2017/18</b>	<b>Q3 2017/18</b>	<b>Q4 2017/18</b>	<b>Status against target</b>	<b>Trend since last quarter</b>	<b>Year end 2016/17</b>	<b>Year end 2017/18</b>	<b>Status against target</b>	<b>Trend since last year</b>
4.1	Emergency repairs completed in time	99%	99.9% (3,071 of 3,075)	99.8% (3,202 of 3,208)			99.7% (12,128 of 12,160)	99.8% (11,517 of 11,545)		
4.2	Routine repairs completed in time	99%	99.9% (7,332 of 7,343)	99.5% (6,298 of 6,328)			99.6% (20,323 of 20,411)	99.6% (26,847 of 26,948)		
4.3	Complex repairs completed in time	For info	100% (148 of 148)	100% (166 of 166)	-		New for 2017/18	100% (588 of 597)	-	-
4.4	Average time to complete routine repairs (calendar days)	15 days	10 days	13 days			20 days	13 days		
4.5	Appointments kept by contractor as proportion of appointments made	97%	97.0% (9,405 of 9,695)	96.8% (10,263 of 10,604)			96.6% (41,924 of 43,382)	96.5% (47,701 of 48,693)		
4.6	Tenants satisfied with repairs	96%	96.8% (881 of 910)	97.3% (1,949 of 2,004)			96.3% (5,690 of 5,910)	97.4% (5,801 of 5,957)		
4.7	Responsive repairs passing post-inspection	97%	96.8% (884 of 913)	90.3% (571 of 632)			95.4% (3,939 of 4,219)	94.4% (2,945 of 3,121)		
4.8	Repairs completed at first visit	92%	88.7% (9,244 of 10,418)	90.1% (8,596 of 9,536)			87.7% (28,581 of 32,571)	87.6% (33,709 of 38,493)		

 Repairs and maintenance indicators		Target 2017/18	Q3 2017/18	Q4 2017/18	Status against target	Trend since last quarter	Year end 2016/17	Year end 2017/18	Status against target	Trend since last year
4.9	Dwellings meeting Decent Homes Standard	100%	100% (11,456 of 11,456)	100% (11,551 of 11,551)			100% (11,488 of 11,488)	100% (11,551 of 11,551)		
4.10	Energy efficiency rating of homes (out of 100)	65.6	66.4	66.6			66.0	66.6		
4.11	Planned works passing post-inspection	97%	100% (295 of 295)	100% (491 of 491)			100% (1,328 of 1,328)	99.7% (1,128 of 1,131)		
4.12	Stock with a gas supply with up-to-date gas certificates	100%	100% (10,032 of 10,032)	100% (10,006 of 10,006)			100% (10,036 of 10,036)	100% (10,006 of 10,006)		
4.13	Empty properties passing post-inspection	98%	100% (169 of 169)	98.3% (116 of 118)			99.4% (515 of 518)	99.4% (516 of 519)		
4.14	Lifts – average time taken (hours) to respond	2 hours	2h 24m	2h 45m			2h 18m	2h 58m		
4.15	Lifts restored to service within 24 hours	95%	91.7% (121 of 132)	93.8% (151 of 161)			96.3% (489 of 508)	95.3% (552 of 579)		
4.16	Lifts – average time to restore service when not within 24 hours	7 days	13 Days (145 days, 11 lifts)	2 days (22 days, 10 lifts)			4 days (68 days, 19 lifts)	7 days (195 days, 28 lifts)		

 Repairs and maintenance indicators		Target 2017/18	Q3 2017/18	Q4 2017/18	Status against target	Trend since last quarter	Year end 2016/17	Year end 2017/18	Status against target	Trend since last year
4.17	Repairs Helpdesk – calls answered	90%	96% (18,898 of 19,767)	94% (23,387 of 24,894)			96% (85,077 of 88,654)	96% (80,207 of 83,569)		
4.18	Repairs Helpdesk – calls answered within 20 seconds	75%	75% (14,218 of 18,898)	69% (16,040 of 23,387)			74% (63,054 of 85,077)	77% (61,461 of 80,207)		
4.19	Repairs Helpdesk – longest wait time	5 mins	13m 17s*	13m 17s*			13m 40s	13m 17s		
4.20	Estate Development Budget main bids – quality checks	90%	100% (36 of 36)	100% (18 of 18)			New indicator	98% (118 of 120)		-
4.21	Estate Development Budget main bids – completions (year to date)	For info	83% (71 of 86)	92% (79 of 86)	-	-	New indicator	92% (79 of 86)	-	-
4.22	Estate Development Budget main bids – average duration of work	For info	18 days	25 days	-	-	New indicator	18 days	-	-

\*Please note the recurrence of this result during two sequential quarters is a coincidence and not an error.



## How we are using this information to improve services – Repairs and maintenance

Seven indicators are below or near target:

### **Appointments kept by contractor as proportion of appointments made – target 97%**

Performance at 96.5% slightly missed the target (by 0.5% points) during the year. The Quarter 4 result (96.8%) was also slightly off track (by 0.2% points) although almost half of missed appointments (45%) were less than an hour late.

### **Responsive repairs passing post-inspection – target 97%**

The pass rate during 2017/18 was 94.4% which is 2.6% points below the target. Performance also fell from 96.8% to 90.3% between Quarters 3 and 4. A total of 3,121 jobs were inspected during the year, and of the 176 that failed the quality checks:

- 45% were because of poor quality work
- 31% required corrections or additions to either the volume of labour or materials used (Schedule Of Rates codes)
- 24% needed extra work to finish the job.

The contractor has continued to identify issues relating mainly to quality of work for responsive repairs, the number of which increased due to severe weather conditions earlier in 2018. This ensures that quality standards are maintained and will inform future training and development of staff. To improve performance, joint inspections (by staff from the council and the contractor) were introduced from November 2017, in order to support joint learning about the quality of work expected.

### **Repairs completed at first visit – target 92%**

The result for the year was 87.6% and missed the target by 4.4% points. However, performance improved in Quarter 4 (from 88.7% to 90.1%) in response to work with the contractor to

improve job specifications and van stocks, which focuses on making sure the right materials are available to complete more jobs at first visit.

### **Lifts – average time taken to respond – target 2 hours**

The response time for the year was 2 hours 58 minutes and was outside of the target time. Of the 579 reported breakdowns there were 24 which involved passenger trap-ins and all of these were responded to within the target time of one hour.

### **Lifts restored to service within 24 hours – target 95%**

Performance here was 95.3% for the year and although the target was missed during Quarter 4, it improved compared to the previous quarter (from 91.7% to 93.8%).


























### **Repairs Helpdesk – calls answered within 20 seconds – target 75%**

Although performance at 69% missed the target during Quarter 4, when severe weather led to lots more calls than usual, the result for the year was still on target at 77%.

### **Repairs Helpdesk – longest wait time – target 5 minutes**

The longest call waiting time in Quarter 4 was 13 minutes 17 seconds and happened in February 2018, when severe weather conditions led to a big increase in demand for repairs. The travel disruption caused by these weather conditions also led to staff shortages on some days during this period, which made it harder still to answer calls quickly. Call volumes during Quarter 4 were up by 24% on the previous quarter (with the number answered increasing from 18,898 to 23,387). The joint longest wait time during the year happened in November 2017 and was also 13 minutes and 17 seconds. This was due to telecommunications issues affecting the city at the time.

## 5. Estates Service

 Estates Service indicators	Target 2017/18	Q3 2017/18	Q4 2017/18	Status against target	Trend since last quarter	Year end 2016/17	Year end 2017/18	Status against target	Trend since last year
5.1 Cleaning quality inspection pass rate	99%	100% (134 of 134)	99% (143 of 144)			99% (696 of 699)	99.8% (571 of 572)		
5.2 Estates Response Team quality inspection pass rate	99%	100% (190 of 190)	100% (184 of 184)			100% (651 of 652)	100% (624 of 624)		
5.3 Cleaning tasks completed	99%	99% (13,450 of 13,632)	98% (13,734 of 14,076)			99% (53,395 of 53,757)	98% (53,796 of 54,713)		
5.4 Bulk waste removed within 7 working days	92%	97% (966 of 996)	81% (545 of 672)			97% (2,924 of 3,008)	95% (3,599 of 3,772)		
5.5 Light replacements/ repairs completed within 3 working days	99%	99.8% (466 of 467)	100% (290 of 290)			99% (945 of 953)	99.9% (1,276 of 1,279)		
5.6 Mobile warden jobs completed within 3 working days	96%	99% (1,185 of 1,199)	99% (1,356 of 1,365)			98% (5,306 of 5,440)	99% (5,149 of 5,224)		
5.7 Incidents of drug paraphernalia collected	For info	47	23	-	-	112	131	-	-

## **How we are using this information to improve services – Estates Service**

















### **Cleaning tasks completed – target 99%**

Performance went slightly below target during Quarter 4, going down by 1% point to 98%, with the effect that the target was also slightly missed during 2017/18. This was due to the disruption caused to the cleaning service by the severe weather experienced across the city in early 2018.

### **Bulk waste removed within 7 working days – target 92%**

Although performance at 81% missed the target during Quarter 4, as the bulk waste collection service was also disrupted by severe weather, the result for the year was still on target at 95%.

## 6. Anti-social behaviour (ASB) and tenancy management

 ASB and tenancy management indicators	Target 2017/18	Q3 2017/18	Q4 2017/18	Status against target	Trend since last quarter	Year end 2016/17	Year end 2017/18	Status against target	Trend since last year
6.1 Victim satisfaction with way ASB complaint dealt with (year to date)	92%	81% (25 of 31)	83% (29 of 35)			90% (19 of 21)	83% (29 of 35)		
6.2 Tenants evicted due to ASB (year to date)	For info	4	5	-	-	4	5	-	-
6.3 Closure orders obtained (year to date)	For info	4	4	-	-	8	4	-	-
6.4 ASB cases closed without need for legal action	For info	92% (66 of 72)	88% (42 of 48)	-	-	85% (178 of 209)	89% (204 of 228)	-	-
6.5 Tenancy fraud – properties returned to stock (year to date)	For info	12	20	-	-	21	20	-	-
6.6 Tenancies sustained – tenancy sustainment closed cases (year to date)	98%	99% (101 of 102)	99% (132 of 133)			98% (146 of 149)	99% (132 of 133)		
6.7 Tenancy visit to general needs tenants within last 5 years	90%	95% (9,618 of 10,171)	92% (9,361 of 10,154)			90% (9,164 of 10,203)	92% (9,361 of 10,154)		
6.8 Estate inspections completed (year to date)	95%	99% (196 of 197)	96% (241 of 252)			New indicator	96% (241 of 252)		-

## **How we are using this information to improve services – Anti-social behaviour (ASB) and tenancy management**


One indicator is below target:

### **Victim satisfaction with way ASB complaint dealt with – target 92%**

Performance was 83% during 2017/18 and is below target. A total of 35 people responded to telephone surveys after their ASB case was closed, of which 29 said they were satisfied. Six respondents were either neutral or dissatisfied with the way their case was dealt with, which was primarily because they were unhappy with the outcomes of their cases, whereas they were generally more positive about the case officers. The target was set at a very high level following an end of year result of 90% in the last financial year, putting the council as the leading social landlord within our benchmarking group. The latest result of 83% is still good compared to our benchmarking group (the top quartile threshold is 82% or higher) even though it wasn't high enough to be on target. A corporate business improvement review is underway to review the handling of ASB cases across tenures, with a view to improving efficiency and the customer experience.


## 6.9 ASB incidents / cases by type

This table presents incidents that relate to or create an ASB case where the reporter or alleged perpetrator is a council resident such as a tenant or leaseholder.


















 Type of ASB incident / case	Q3 2017/18	Q4 2017/18	Change between quarters Q3 to Q4	Year end 2017/18
Harassment / threats	40% 65	31% 52	-13	42% 315
Noise	16% 26	24% 41	+15	15% 116
Drugs	7% 11	14% 24	+13	10% 76
Other criminal behaviour	12% 19	6% 10	-9	9% 69
Domestic violence / abuse	12% 19	9% 16	-3	8% 59
Other violence	1% 2	3% 5	+3	3% 26
Pets / animals	6% 9	6% 11	+2	7% 51
Hate-related	6% 9	3% 5	-4	3% 23
Alcohol related	2% 3	4% 6	+3	3% 21
Prostitution / Sex	0% 0	0% 0	0	0% 1
Total	100% 163	100% 170	+7	100% 757

## 6.10 ASB incidents / cases by ward

This table presents incidents that relate to or create an ASB case where the reporter or alleged perpetrator is a council resident such as a tenant or leaseholder.

 Ward name	Q3 2017/18	Q4 2017/18	Change between quarters Q3 to Q4	Year end 2017/18
Brunswick and Adelaide	0	0	0	0
Central Hove	2	1	-1	8
East Brighton	39	30	-9	136
Goldsmid	4	4	0	27
Hangleton and Knoll	12	17	+5	80
Hanover and Elm Grove	7	6	-1	27
Hollingdean and Stanmer	13	22	+9	86
Hove Park	0	0	0	0
Moulsecoomb and Bevendean	11	19	+8	84
North Portslade	14	7	-7	43
Patcham	8	5	-3	27
Preston Park	2	1	-1	5
Queen's Park	35	37	+2	144
Regency	0	0	0	0
Rottingdean Coastal	0	0	0	0
South Portslade	3	5	+2	17
St. Peter's and North Laine	3	8	+5	31
Westbourne	5	2	-3	9
Wish	1	4	+3	12
Withdean	1	0	-1	2
Woodingdean	3	2	-1	19
<b>Total</b>	<b>163</b>	<b>170</b>	<b>+7</b>	<b>757</b>

## 7. Seniors housing

 Seniors Housing indicators	Target 2017/18	Q3 2017/18	Q4 2017/18	Status against target	Trend since last quarter	Year end 2016/17	Year end 2017/18	Status against target	Trend since last year
7.1 Residents who have had a tenancy visit within the last 12 months	98%	96% (829 of 861)	96% (838 of 875)			97% (826 of 854)	96% (838 of 875)		
7.2 Residents living in schemes offering regular social activities	95%	100% (861 of 861)	100% (875 of 875)			98% (837 of 854)	100% (875 of 875)		
7.3 Residents living in schemes offering regular exercise / wellbeing activities	65%	82% (706 of 861)	75% (654 of 875)			77% (658 of 854)	70% (616 of 875)		
7.4 Schemes hosting events in collaboration with external organisations	90%	95% (21 of 22)	100% (23 of 23)			91% (21 of 23)	96% (22 of 23)		

One indicator is near target:

### Seniors housing residents who have had a tenancy visit within the last 12 months – target 98%

Performance for the year at 95% has missed the target by 3% points. The 37 Seniors residents who hadn't had their annual tenancy visit include 15 who declined a visit and seven who were absent at the time. These annual tenancy visits are only one form of contact between staff and residents, as Scheme Managers are based on site during weekdays and regularly phone residents to check in with them (depending on how often they want to be contacted).

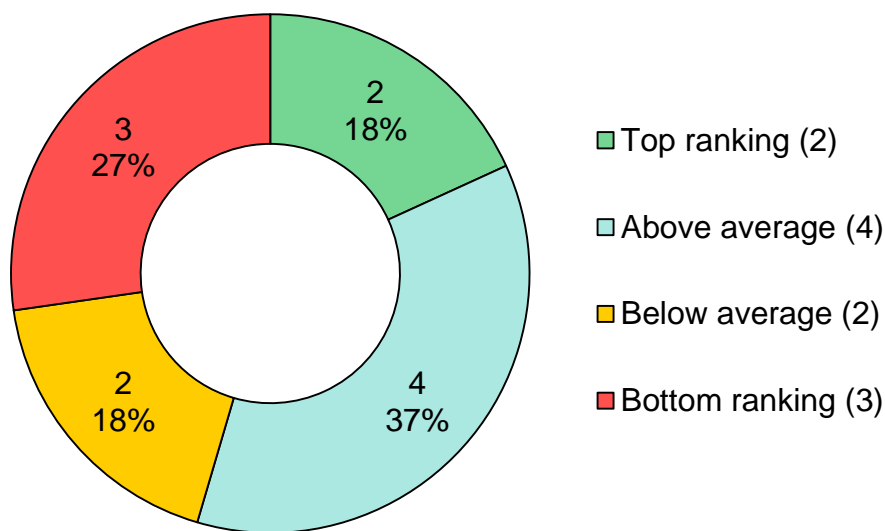


# Summary of results: Housemark cost and performance benchmarking report 2016/17

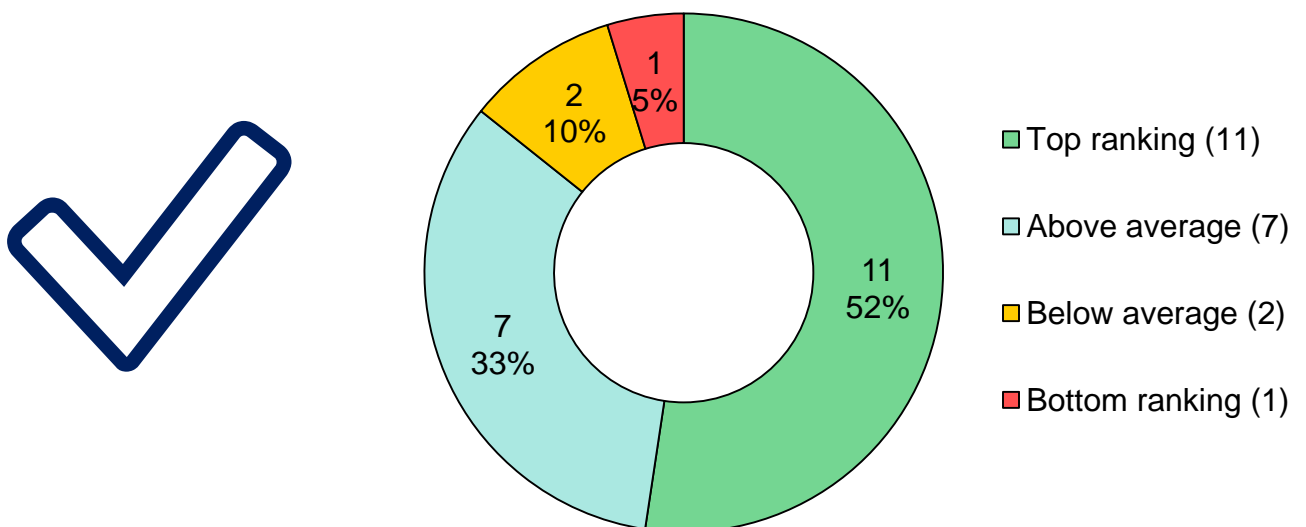
Housemark are a company who provide independent benchmarking data analysis comparing costs and performance of participating social housing providers. This document provides a summary of their most recent findings, covering the 2016/17 financial year (data collection for 2017/18 takes place across the sector during summer 2018).

The analysis ranks Brighton & Hove council housing services within our 'peer group' – these are all of the participating councils that have a stock size of 10,000 dwellings or more, of which there are 15 in total. The charts below present rankings within this group against 11 cost indicators and 21 performance indicators.

## Cost indicators



## Performance indicators



## List of cost indicators

Top ranking:

- Total cost per property: responsive repairs and void works
- Major works management spend as % of service provision spend

Above average:

- Responsive repairs management spend as % of service provision spend
- Average cost per void repair
- Cyclical maintenance management spend as % of service provision spend
- Total cost per property: estate services

Below average:

- Void works management spend as % of service provision spend
- Average cost per responsive repair

Bottom ranking:

- Overheads as percentage of direct revenue costs
- Total cost per property: housing management
- Total cost per property: major works and cyclical maintenance

## List of performance indicators

Top ranking:

- Total tenant arrears as % rent due (excluding voids)
- Average re-let time in days (standard re-lets)
- Rent loss due to voids
- Average number of responsive repairs per property
- Percentage of dwellings that are non-decent at the end of the year
- Satisfaction with the overall service
- Satisfaction that views are listened to
- Satisfaction that rent provides VFM (value for money)
- Satisfaction with quality of the home
- Satisfaction with ASB complaint outcome
- Satisfaction with ASB complaint handling

Above average:

- Tenancy turnover rate
- Appointments kept as a percentage of appointments made
- Average number of days lost to sickness
- Percentage of calls answered
- Average time taken to answer inbound calls
- Satisfaction with repairs
- Satisfaction with neighbourhood

Below average:

- Average number of calendar days to complete repairs
- Percentage of repairs completed at the first visit

Bottom ranking:

- Staff turnover

## List of peer group members

Our peer group comprises councils with a stock of 10,000 or more who provided cost and performance benchmarking data to Housemark covering the 2016/17 financial year.

The list of the 15 councils in the peer group is below and includes the number of dwellings they were responsible for managing as of 31 March 2017.

- Brighton and Hove (11,498)
- Barking and Dagenham (18,479)
- Croydon (13,801)
- Dudley (22,195)
- Ealing (12,519)
- East Riding of Yorkshire (11,250)
- Enfield (10,343)
- Hackney (21,842)
- Hull (24,384)
- North Tyneside (14,936)
- Rotherham (26,277)
- Southampton (16,230)
- Southwark (37,291)
- Swindon (10,679)
- Wandsworth (14,844).

The average stock size for the peer group was 16,343 dwellings.

Other options have been considered to narrow down the criteria for the peer group (eg by region and/or a different range of stock sizes) following discussion of the benchmarking figures at Housing & New Homes Committee in June 2017. Although this was tried it resulted in comparator groups that were too small to analyse. For example, one such option was to use councils with stock of between 8,000 and 12,000 dwellings, but only four councils (who use Housemark) had this stock size.

## **Housing Management Performance Report Quarter 4 and end of year 2017/18: additional information about asbestos and Legionella safety**

### **Asbestos**

The council has completed a planned review of the housing asbestos management strategy. The strategy clearly defines the requirements, roles, responsibilities and processes that housing and service providers are required to follow to ensure compliance when managing asbestos within our housing stock. This is delivered in line with the council's Management of Asbestos Standard.

As part of the review the council has increased information, training and access to the asbestos register for housing. There is also a clear survey/ resurvey and removal strategy and whole property surveys are carried out as standard practice when undertaking works.

The strategy is in place to ensure residents and staff are appropriately informed and protected from the risks associated with asbestos.

The council carries out annual inspections of all communal areas that have been identified as containing asbestos based materials.

During the 2017/18 financial year, 435 inspections were carried out of communal areas and 1,355 of dwellings. Properties will continue to be inspected as appropriate remaining on the inspection schedule until a time when the asbestos based materials are removed.

There has been a continued commitment from the council's partnership with Mears to progress the strategy for managing, maintaining and removing asbestos from council homes and communal ways as detailed below:

- There has been particular focus in the partnership on aligning asbestos data, updating the asbestos register and developing processes with contractors to update records.
- Mears and the council have also been focused on implementing the management procedures detailed in the Asbestos Strategy; this has included ensuring clear processes for data management and delegation of activities. Where these have not been straight forward officers have worked in partnership directly with supply chain providers to solve problems.
- The council is currently preparing for an internal assessment with colleagues in Orbis Health and Safety which will further help to test the strategy and processes in place.

### **Legionella**

Communal hot and cold water systems are subject to a detailed inspection programme across the council's housing stock. The inspection programme is based upon the Health & Safety Executive's Approved Code of Practice L8 HSG274 and operates as follows:

### **Seniors housing**

Weekly:

- Flush infrequently used outlets and log.

#### Monthly:

- Check and record flow and return temperatures on all hot water system (HWS) units more than 15 litres Storage.
- Check and record distribution temperatures on all sentinel hot and cold water outlets.

#### Quarterly:

- Clean, descale and disinfect all shower heads and hoses.
- Check and record subordinate loop temperatures where accessible.
- Check and record distribution temperatures on 1 in 12 remaining hot and cold water outlets.

#### Bi Annually:

- Check operation, usage and distribution temperatures on all point of use (POU), combi and other low capacity hot water units 15 litres or less.

#### Annually:

- Carry out operational, visual and temperature checks on all cold water storage tanks including header tanks on flat back HWS units.
- Cold water storage tanks: temperature checks on tanks will be undertaken in the summer period.
- Review effectiveness of existing control scheme.
- Carry out full service and re-calibrate all thermostatic mixing valves (which regulate shower and bath temperatures to prevent scalding) on site.
- Flush and purge to drain all expansion vessels on site, undertake a Legionella & bacterial sample on completion (communal systems only).

#### Scheme Manger Tasks:

- Flush void flats water outlets weekly and log.
- Scheme Managers will have access to the staff Health & Safety intranet portal.

### **General needs housing blocks with communal cold water**

#### Annually:

- Carry out operational, visual and temperature checks on all cold water storage tanks. Temperature checks on tanks will be undertaken in the summer period.
- Carry out potable water quality sampling.

### **General needs housing block with communal hot water**

#### Monthly:

- Check and record flow and return temperatures on all HWS units more than 15 litres Storage.
- Check and record distribution temperatures on all sentinel hot and cold water outlets (these are the nearest and furthest taps from the water supply).

- Check and record distribution temperatures on 1 in 12 remaining hot and cold water outlets.

Quarterly:

- Clean, descale and disinfect all shower heads and hoses – communal areas only.
- Check and record subordinate loop temperatures where accessible.

Bi Annually:

- Check operation, usage and distribution temperatures on all POUs, combi and other low capacity hot water units 15 litres or less.

Annually:

- Carry out operational, visual and temperature checks on all cold water storage tanks including header tanks on flat back HWS units.
- Review effectiveness of existing control scheme.
- Carry out full service and re-calibrate all thermostatic mixing valves (which regulate shower and bath temperatures to prevent scalding) on site – communal areas only.
- Flush and purge to drain all expansion vessels (small tanks which protect against excessive water pressure) on site, undertake a Legionella & bacteria sample on completion (communal systems only).

Other notable information:

- 20% of the housing stock is risk assessed annually.
- Review of the risk assessment is undertaken.
- The high rise flats which have cold water storage tanks have been replaced with smaller hygienic tanks.
- There is an ongoing program to convert from tanks to mains supply in low rise where possible
- Programmed in for this financial year, is the upgrade of the wholesome water (mains water suitable for drinking, cooking etc.) system at Essex Place.
- The council is currently surveying the wholesome water risers at Ellen House to ascertain their condition.
- A leaflet on Legionella awareness for our tenants and leaseholders is being produced.
- Housing arranges ongoing training on Legionella awareness for relevant staff.

