



ISLINGTON

HOUSING SCRUTINY COMMITTEE

8 September 2020

SECOND DESPATCH

Please find enclosed the following items:

Item 1 Scrutiny Review 2019/20: Major Works - Draft Report and Recommendations 1 - 18

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Major Works

DRAFT REPORT OF THE HOUSING SCRUTINY COMMITTEE



**London Borough of Islington
September 2020**

CHAIRS FOREWARD/EXECUTIVE SUMMARY

The Capital works section manages approximately £30 million in outsourced contracts annually. These are divided between planned maintenance and major repairs. Bids for these contracts are orchestrated through a partnership arrangement with selected contractors – who are allocated an area of the Borough to bid in.

Planned maintenance is now a 10 year cycle, which should be determined by the 30 year plan the council, as a Registered Housing Provider is required to have. Major repairs are carried out on an ad hoc basis. See Appendix 1 for a more detailed introduction provided by Christine Short, Head of Capital Programme Delivery.

The Committee interviewed residents, officers and councillors about their experience of capital works, looked at sample contracts, received presentations from relevant officers, external experts and other local authorities. The Committee requested access to the Council's 30 Year housing plan on several occasions, but did not receive it, and so are curious to know if it exists.

The impression of many Councillors and residents is that the culture of the Capital Works Department fails to mirror their aspirations for improvements of their estates. The Committee heard that people believed that the Department's culture is not an innovative one, lacks a 'can do' attitude, and instead follows formulaic, stale and tired procedures, without questioning the reason, or relevance of them. In some instances 'a not made here' attitude seems to prevail, where low risk projects like 'Harry Weston's Estate Ground Source Heat Pumps' are blocked.

At best this indicates failure in communicating the good work the department does. We can address this via changes in the KPIs for the department, that should ensure that what is measured, and reported on, is what is valued by residents and their representatives.

The Committee has considered evidence relating to the implications, and viability of bringing Major Works 'in house'. Given the anti-competitive practices of some contractors, and the failure of one of the Council's two main contractors for Major Works contracts, leading to delays in Major Works completion, and causing disruption to tenants and leaseholders, the Committee recommends that this approach be piloted. This also aligns with the Council's commitment to building an inclusive local economy, since it enables the employment of local and diverse firms to do the work, so keeping money and employment local.

Major Works

Aim

- To determine the best methods of delivering major works projects

Evidence

The review ran from September 2019 until July 2020 and evidence was received from a variety of sources:

1. Presentations

Christine Short, Head of Capital Programme and Delivery
Martin Fox, Commercial Manager of Camden Council's Property Management Division(PMD)

2. Information from witnesses

Tony O'Brien - DLO
Highbury Quadrant Tenant and Residents Association

Recommendations

The Committee considered evidence relating to the implications and viability of bringing Major Works 'in house'.

Given the anti-competitive practices of some contractors, and the failure of one of the Council's two main contractors for Major Works contracts, leading to delays in Major Works completion, and causing disruption to tenants and leaseholders, the Executive be recommended -

1. That a Learning Register be established capturing the risks with each project, prior and during the ongoing works on current and future projects, and any mitigations put in place. This should be kept up to date and available to officers and Councillors. The register should include as appendices post mortems and/or debriefings held after a project has been completed, and reflections by key officers on what has been learned from this and how it is now reflected in the register.
2. A pilot project to take place in 2023, to assess the viability of Major Works being undertaken by 'in house' staff. Prior to the pilot project, the Council should institute a housing dashboard information system that will enable them to monitor work of contractors, spend, quality of work etc. so that this can be assessed against information gathered on work during the pilot project
3. That following the 'pilot project' there to be a thorough assessment of the 'pros and cons' of the pilot project, with a view to the possible delivery in future of Major Works schemes on Council estates, with the Council acting as Managing Contractor, and partnering arrangements being used for specialist works. This should include robust monitoring of works undertaken, in order to ensure they are of high quality

and value for money. An assessment of the pilot should take place which would enable the Council to consider whether it has been possible to maximise the employment of local contractors and sub-contractors, and retain money in the local economy. It will also enable the recruitment of apprentices, giving a boost to the employment of young people in the borough

4. That following the viability of the pilot project consideration be given if this is successful to tendering for Major Works contracts with Housing Associations, TMO's and TMC's in the borough, with a view to providing them with a more high quality, and cost-effective service, than can be provided by other contractors
5. That residents should be at the centre of any Major Works Project. The improvement of communication with residents and leaseholders on major works schemes, be given priority, as this is an area where the Committee have heard evidence that the consultation process needs to be improved. Where they exist, TMOs and TRAs should be involved at the earliest stage and at all subsequent stages. They are experts on their own estates and can provide valuable intelligence which can help avoid costly mistakes.
6. That officers should consider the use of resident/tenant inspectors (as noted by the Audit Commission) at various stages of the works (pre, during and post works). Appropriate training should be provided to the new Tenant Inspectors. They will effectively be the Capital Works Departments equivalent of the 'Mystery Shopper Scheme' developed by the Housing Maintenance Department.
7. That any disruption or variation to the contract should be communicated to the residents as soon as this becomes apparent. This would also include where a Contractor has to be replaced and a contract terminated.
8. That Lead times on contracts should be shortened and operational times on site substantially reduced, in light of resident complaints with the disruption caused by the works on estates and the length of such works. These are often longer than is justified by the volume of work being done, with scaffolding being up for months and sometimes years.
9. That in line with the Councils Inclusive Economy Agenda, the Capital works team should liaise with the Councils Inclusive Economy Team, preferably at the planning stage to facilitate and maximise the use of local firms and labour. Members also recommend that future Major works projects should be broken up, where necessary or possible, into smaller viable contracts to enable small-scale and more diverse local companies to bid for projects.
10. That, as with the outcome of a previous scrutiny, scaffolding should only be used as a last resort and the efficiency of the use of scaffolding and any pre works should be maximised. The use of scaffolding should therefore be captured in the Learning Register as one of those learning outcomes as referred to in recommendation 1 above

11. That having considered the procurement of capital works, and whether it actually delivers value for money or social value to either the Council or the resident, the Committee were of the view that consideration should be given to reviewing the Corporate Procurement strategy in order to ensure that this is taking place
12. That Project Managers should liaise with the Housing Maintenance Department so that any problems arising out of the Works can be prevented at an early stage.
13. That Committee recommends a new set of Key Performance indicators (KPI's) which will enable the Housing Scrutiny Committee to monitor and scrutinise the performance of the Capital Works Department. The KPI should include a list of projects started or completed during the current year and any projects in between, their variances against cost, time and quality check.
14. That Committee recommend Council should produce a 30 year Housing Revenue Account Business plan and regular reporting should be provided to the Committee.

Main Findings

The Committee received evidence during the review which is collated at Appendix B. The Committee examined arguments for and against the outsourcing of capital works, which could be summarised as the following-

In terms of cost, the Committee noted the view outlined by officers that savings can be achieved by outsourcing, as works are carried out at lower cost, and with better quality due to better terms, and conditions for workers in the private sector, as opposed to the public sector. In addition, contractors are specialists in their fields, which eventually result in economies of scale. Contrary to the above points, the Committee were advised of certain disadvantages, that contractors pay VAT on projects, and that contractors incur other significant costs, which do not exist with a public sector provider. The Committee also noted that the council incurs significant monitoring cost with outsourcing providers.

On the issue of increased efficiency, the Committee noted the suggestion that contractors with years of expertise delivering complex outsourcing projects often perform better and are more efficient. The Committee were of the view that efficiency is a subjective issue, as some contractors manage their projects by juggling their workers, and resources, between projects, while others stay on site until completion. The Committee noted the perception of residents and leaseholders on contractor's efficiency was different, and that their view was that it is not an efficient system, but consist of opaque layers of management, with the result that they are left with unfinished work for some months.

With regards to core areas of work, the Committee took account of the argument that contractors are specialists, and their procurement enables the council to therefore focus on their core areas of work and competencies. However, the Committee are of the view that core responsibility of a registered housing provider is actually the management and maintenance of property, and also having a good relationship with tenants and residents.

The Committee were also of the view therefore that outsourcing results in the Council losing skills and those competences

The Committee were also concerned that outsourcing eventually reduces any possibility of investment in infrastructure by the Council, as the focus of contractors remains responsible for the delivery of works. It was also noted that any savings, as a result of innovation will be retained by the contractor, and not the Council

It was of the view of the Committee that risks associated with major works still remains with the Council, despite works being outsourced to external contractors. This is highlighted where cost of project overruns, or when the contractor runs into difficulty, the Council through its monitoring exercise, will still have to manage the project in the interim. The Committee are also particularly concerned about the forthcoming financial position, especially as the country is about to commence a period of profound economic turbulence possibly for many years, and the possibility that many private contractors will find it difficult to deliver projects. The Committee noted that to survive, many contractors may have to amend the terms and conditions of workers, which in itself will impact their working conditions, and more importantly result in poor quality work being carried out

The Committee also noted that the main beneficiaries of any major works projects are residents and leaseholders, and it is evident from the evidence taken from the Highbury Quadrant TRA, attached at Appendix B, of the impact on their daily lives, due to disruption from all the construction activities. The Committee were of the view that the situation of residents is not a priority for contractors, especially as they are involved in other projects, and importantly not directly answerable to residents

The Committee acknowledged that a key consideration for outsourcing of major works is the ability of contractors to synchronise the work processes of the project, however Members noted that during the review, they had conversely that a lack of synchronisation of the project was a common complaint, such as stretched delivery time frames, sub-standard quality output, and inappropriate categorization of responsibilities

The Committee were of the view that it is certainly less difficult, and possibly easier, to regulate the above issues inside an organization rather than with an outsourced partner. The Highbury Quadrant Capital works and the Andover Dampness projects were cited as examples of failure to synchronise processes, as scaffolding were left in place for months awaiting sub-contractors or inspections

Conclusion

The Committee noted the present arrangement of works being carried out by contractors, and the partnering arrangements

The Committee is of the view that certain capital works can be carried out 'in house', and that a pilot project should be carried out, with a view to assessing whether major works should be brought back 'in house'. The Committee's recommendations on this are detailed above

The Committee also are of the view that where Capital works are to be carried out by contractors, there needs to be further more improvement in communication with residents and leaseholders

In carrying out the review, the Committee met with officers and members of the public to gain a balanced view

The Committee would like to thank witnesses that gave evidence in relation to the scrutiny

The Executive is asked to endorse the Committee's recommendations.

MEMBERSHIP OF THE HOUSING SCRUTINY COMMITTEE – 2019/20

Councillors:

Councillor Michael O'Sullivan (Chair)
Councillor Sue Lukes (Vice-Chair)
Councillor Theresa Debono
Councillor Troy Gallagher
Councillor Mouna Hamitouche MBE
Councillor Gary Heather
Councillor Ben Mackmurdie
Councillor Marian Spall

Co-opted members:

Rose-Marie McDonald – PFI Managed Tenants
Dean Donaghey – Directly Managed Tenants

Substitutes:

Councillor Viv Cutler
Councillor Osh Gantly
Councillor Sara Hyde
Councillor Jenny Kay
Councillor Roulin Khondoker
Councillor Nurullah Turan

Acknowledgements:

The Committee would like to thank all the witnesses who gave evidence to the review.

Officer Support:

*Christine Short – Head of Capital Programme and Delivery
Ola Adeoye/Peter Moore – Democratic Services*

APPENDIX A

SCRUTINY REVIEW INITIATION DOCUMENT (SID)
Review: Major Works
Scrutiny Review Committee: Housing Scrutiny Committee
Director leading the review: Simon Kwong, Director of Property Services
Lead Officer(s): Christine Short, Head of Capital Programme Delivery.
Overall aim: To determine the best methods of delivering major works projects
Objectives of the review: <ul style="list-style-type: none">• To examine who determines what major works are required, where and when.• To examine the robustness of the construction contracts and schedules of rates to ensure they provide adequate protection for the Council.• To review the options available to deliver major works projects, (consider whether delivery in-house would be financially viable and provide a superior service, whether small contractors would be more manageable)
How is the review to be carried out: <u>Scope of the review</u> The review will focus on: Looking at the pros and cons of different major works delivery models How the construction industry operates (the role of the Managing Contractors, sub contractors, site management and supervision) <u>Types of evidence:</u> Oral and written evidence from Islington's Head of Capital Programme Delivery Oral evidence from Senior Management reps. from two other London Boroughs (probably Camden and Southwark) Oral evidence from an external Construction Expert (possibly Steve Downing of NHF)
Additional Information: In carrying out the review the committee will consider equalities implications and resident impacts identified by witnesses. The Executive is required to have due regard to these, and

any other relevant implications, when responding to the review recommendations.

Programme

Key output:	To be submitted to Committee on:
1. Scrutiny Initiation Document	12 September 2019
2. Draft Recommendations	8 September 2020
3. Final Report	8 September 2020

APPENDIX B

Minutes of the various meetings

On 12 September 2019, committee received a presentation from the Council's Head of Capital Programme and Delivery

1. Capital works are planned, anticipated and often involve the renewal of major building components and tend to be of high value. Major works affect the whole block and in most cases the whole estate.
2. As major works tend to be high value, leaseholder consultation is mandatory especially as they are charged for the works carried out. Similarly, resident consultation is carried out seeking their ideas and suggestions about the works.
3. Major works is divided into 3 distinct phases, planning and information gathering, the design of the works and when work commences. The Asset Management database remains the primary source as it contains detailed information about the block and flats; what and when works had been carried out such as installation of roofs, kitchens, bathrooms, doors and windows and their guarantees. As part of the information gathering exercise advice is sought from the responsive repairs team, Area Housing Officers and Estate Services in assessing works to be carried out.
4. Islington Council presently has a 10 year rolling programme with a budget of £20M-£30M p.a. to carry out major works. All major works are split into projects, which are managed by a project manager whose first task is to carry out initial inspections of the building aided with photographs, after which a consultation meeting with residents is facilitated to discuss the works, and to give an opportunity to gather information and identify issues, which a visual inspection may not necessarily reveal. After the meeting with residents, the project manager has an on-site meeting with the appointed contractor where the scope of the works is discussed, the merits of materials and systems are researched to find the best solutions to certain specific issues and problems.
5. The design stage involves plans and drawings being prepared, and planning permission will be sought especially where windows are to be replaced. During this period prices for all elements are calculated, discussed and eventually agreed. Also Section 20 notices are served on leaseholders, which details the works to be carried out from which an estimated cost will be provided to the leaseholder. On completion of this exercise, a works order is eventually issued to the contractor.
6. The works phase involves the contractor setting up a site office, organises sub-contractors which involves tendering for the various tasks to ensure that they receive the best prices. The preparation at this point is really important, as it helps to ensure that all the different trades are synchronised. At this stage the project manager changes his/her role, and become the Contract Administrator.

This is a contractual term, and really means the building surveyor who manages the contract overseeing the project, in order to ensure that the programme runs smoothly, and the cost is managed.

7. While work is ongoing a clerk of works is appointed, who checks the quality of the works. The service monitors the works carried out as the contractor submits a spreadsheet every week, which details progress of work and monthly call meetings are conducted between the management of both organisations.
8. When works commence on site there are always unexpected work which requires decisions especially if it affects the price. The Contract Administrator is responsible for making all decisions and those with financial implications are referred to the project Quantity Surveyor to negotiate. The project Surveyor tracks the expenditure, and agrees monthly valuations of work and releases stage payments. In all projects, the work is inspected, and signed off, by the contract administrator after inspections by clerk of works, and mechanical and electrical inspectors. Any snagging items identified during the process are resolved. Members were reminded that for all major work, a 12 month's defects liability is incorporated into the contract, which ensures that they rectify any issue identified after the completion of the works and handover.
9. All remedial costs incurred by works carried out, due to damage caused by contractors whilst carrying out their works, remains the responsibility of the contractors as they are duty bound to rectify it, and does not result in additional cost to the Council.
10. The Committee heard evidence concerning the contractor involved in works on Highbury Quadrant Estate, and their lack of communication with the residents
11. Members were advised that bidders could not be excluded from any current procurement exercise as a result of their previous performances, as bids are assessed on the submission provided as part of the procurement process as Officers are not permitted to use background knowledge when marking submissions, sometimes bids are anonymised to ensure fairness to all
12. The Committee noted that whilst the Council will seek references for shortlisted contractors, it would not provide written references for a contractor that had worked for Islington.

On 31st October 2019 Committee heard evidence about the capital works of Camden Council from Martin Fox

1. Camden's Property Management Division (PMD) manages its housing stock of 33,000 occupied by Council tenants and 9,000 leaseholders. PMD looks after the Council's 150 Corporate properties, and 1,000 commercial properties and responsible for managing 60 schools in the borough.

2. The 4 areas that Camden council procures are the day to day Responsive repairs (taps and pipes leaking), major repairs like roof leaking, voids (with vacant properties) and mechanical and engineering servicing (important from a compliance issue) and the planned works is a 5 year programme.
3. Members were informed that about 10 years ago Camden went into a Partnering arrangement with two main contractors to manage day to day responsive repairs, while term contractors managed major repairs and voids. Minor day to day works was predominantly managed by the 'in house' team.
4. Camden took a decision about 3 years ago in terms of responsive repairs to move away from partnering into framework agreements, and that mechanical and electrical servicing is carried out by 5 term contractors, however major repairs and void works still remains with the main contractor and day to day minor repairs is managed by the in 'house team'.
5. Since the formation of the Council's Property Management Division, the general direction for procuring repairs has changed to where possible, bringing it 'in house', hence the initial consideration with schools. Members were informed that although the Council is committed to bringing the service 'in house'. where feasible, it is recognised that some works that are very technical and require a high skill set, and that this will not always be possible.
6. Camden Council currently spends £200m on repairs to its housing stock, and in recent years the Council's DLO budget has increased from £10m to £20m. It was noted that as the expiration of the existing contracts ends, the intention of the Council is to continue to have a flexible approach to procurement.
7. In April 2020, Camden Council will be bringing void services back 'in house'. and in those other areas where this is not possible, there is a desire to consider the use of local contractors, and labour, through its Dynamic Procurement System, which allows work to be put into the system, and also gives an opportunity to attract local contractors to bid for works and bring in some competition especially as at present the larger contractors and suppliers dominate the framework contracts
8. The Committee were informed that although the partnering option was relatively successful, especially with its two partners who carried out repairs in the north and south of the borough, leaseholders felt disenfranchised and unhappy especially as there was no further opportunity for engagement especially after the long term agreements had been signed off. Leaseholders have a preference for framework agreements, as it is deemed to fair and very competitive.
9. With regards to the quality of materials used by contractors, the Commercial Manager informed the meeting that factors such as pricing, central government policy and guidance about fire doors, the life expectancy of the material are taken into consideration. Members were assured that Camden's approach to repairs or replacement is to get the maximum life span out of what is repaired or

replaced.

10. On the concerns about the quality of materials used by contractors, the Committee noted that the learning point for all professionals is to monitor the materials used so that decisions on the continued use, or otherwise, should be evidence based. Members were reminded that all authorities have to comply with technical standards and specifications, especially in relation to items such as boilers, and electrical sockets.
11. Members were advised that although Wates is presently the main contractor, there will be scope for the 'in house' team to carry out some of the simple works when this contracts ends.
12. The Committee noted that any decision to bring back work 'in house' will require a detailed demand analysis to be carried out, after which councillors, residents and officers would need to agree a set of criteria on which of the works is reasonable to bring in-house. If this is not possible, then a consideration on whether the best decision would be to place it within the Dynamic Procurement System.
13. With regards to the quality of works carried out by local contractors, the Committee was informed that evidence of works completed by local contractors, especially with the restoration of void properties, shows that the quality is quite high. The Commercial Manager acknowledged that at present the use of local contractors is London wide, however the Council will continue the use the services of local companies and contractors in the restoration of void properties.
14. In response to the future direction of Camden about its procurement options, the Commercial Manager reiterated that the authority remains committed to bringing certain major works 'in house', especially having carried out a detailed demand analysis for the last 3 years. The Committee were reminded that Major works is different from Planned works.
15. Camden has recognised the need to be flexible, when considering how best to procure works, and the Council framework to be supported by the Dynamic Purchasing System (DPS). The DPS is an electronic system, which allow suppliers and contractors to apply to join at any time and it is designed to provide Council and other buyers with quick access to a wide pool of pre-qualified suppliers and contractors.
16. The Commercial Manager indicated that it is important to be more 'smarter' about specifications, and the need to review the client management system. Other topical areas of interest are contract setting as presently in Camden, contracts are based around 70% price, and 30% quality ratio.
17. Members were reminded that Council framework has its own challenges. Camden Council has 5 designated contractors in its frameworks, however only 2 tend to

be regularly used.

18. In terms of leaseholder dissatisfaction, the Commercial Manager reiterated that a number of changes had been introduced which now requires more engagement prior to works commencing. Previously works were carried out on what could only be described as 'drive by type of inspection', but now a more detailed scoping survey is carried out with photographs taken, which has been welcomed by leaseholders.
19. Work has also been carried out to find a way of preventing the practice of underbidding of contracts by contractors, especially as currently the Council's formula regarding tenders is based on a 70/30% price /quality ratio. Camden Council is aiming to strengthen its monitoring of works by establishing a Clerks of Works Team, who will visit and inspect works on completion. Also the employment of a Quantity Surveyor would ensure that both the price and cost of the works is monitored so that it does not spiral out of budget
20. The Committee were informed that Camden and Islington do not use the London Housing Consortium (LHC). It was noted that Camden Council had considered it's services, but decided to use DPS which has a different skill set, and that in terms of voids, LHC requirements did not meet Council needs
21. Members were reminded of the difficulty of excluding contractors from the bidding exercise, and that evidence has shown that in recent years that there has been an increase of court cases, where companies had been prevented from bidding for contracts
22. In Camden, local contractors are able to bid for contracts between £50,000-£250,000 initially, however this could be increased to a value of £500,000. In addition, the council has nominated suppliers of materials such as fire doors and alarms and with the DPS, it is now in a position to name particular products to be used.
23. In response to the possibility of Islington employing the services of small local contractors in carrying out major works, the Director of Housing Property Services reminded Members of the evidence about potential costs, client monitoring implications, and the difficulty with recruiting and training of staff. Members were informed that despite Islington being the only authority having its own 'in house' monitoring team, it still has a challenge of recruiting staff, who will be required to monitor the quality of the works carried out by local contractors.
24. The Committee were informed that whilst acknowledging Members interest especially with the in sourcing option, there should be an awareness that the 'one size' approach when not managed properly, and not well thought through a could be counter-productive, and generate more criticism and problems. The Committee were informed that one option that could be considered was the

possibility of moving more void work to the 'in house' team as a pilot.

25. Members noted that despite the decision to bring the responsive service back in house, complaints from residents about the service are still being received.

On 3rd March 2020 Committee heard evidence about the benefits of DLO Services from Tony O'Brien

1. Members were advised that evidence shows that Councils benefitted from having work carried out by DLO's, and that if government restrictions on borrowing requirements are lifted it gives Councils the opportunity to expand DLO's or create new ones.
2. Contractors generally make a profit of 25% or above, whereas a DLO exists to provide a quality construction service, with any surplus money returned to the Council. DLOs are the alternative to avoid the many construction scandals of the misuse of public money that have been highlighted in the Press in recent years
3. An important benefit of DLO's is that they employ locally employed people, who will contribute to the local economy, However many workers of construction companies are not directly employed, and are denied full entitlement to wages, sick pay, holiday pay, pensions, health and safety and trade union representation. DLOs can also overcome the problems of corrupt and anti-competitive contract rigging.
4. The Committee noted that private housing providers could also artificially inflate the cost of housing by holding back land, and therefore effectively controlling the supply of new homes
5. The Committee heard evidence that for DLO procurement this could include Council's ability to build greater numbers of social housing units, the ability to extend long term programmes for an existing DLO to carry out, bring back an 'in house' DLO, strengthen contract compliance policies, bar contractors from approved lists who have a record of price fixing, avoid contract rigging, serious breaches of health and safety law, blacklisting of workers, and establish a policy that prevents the sale of existing social housing and enable the Council to develop Council owned land rather than enter into partnership with private property developers or housing associations.
6. The Committee were of the view that whilst it is true that Councils are not achieving value from contractors, as Islington is a small borough, and has a lack of land available for development it would be necessary for a tri-borough or Pan London DLO to be set up, as this would guarantee a regular work flow.
7. Reference was made to the salaries of workers in the construction industry, and the cost of plant, and that the workforce could earn more in the private sector than working for a DLO. It was stated that many workers were not even paid the London Living Wage, and that initially the DLO could hire plant, and be able to

purchase this eventually, with the monies saved from employing contractors.

On 6th July 2020, Councillors O’Sullivan and Lukes met with two 2 representatives of the Highbury Quadrant who shared their experiences.

The following main points were made during the meeting -

1. Breyer’s was appointed the main contractor to carry out brick and concrete works on 13 blocks, and also undertake the roof renewal of one of the blocks. After phase 1 of the project was completed, a walk about was carried out by Cllr Lukes, TRA representatives and project officer in early February. The following issues were fed back to the committee -
 - There had been noticeable change in work personnel throughout the project, and a large use of subcontractors which was unsettling to residents.
 - The Scope of the project was changed mid works without any explanation from the project team
 - Scaffolding issues –the length of time it was up, sometimes used by contractor to advertise their presence which blocked sunlight and daylight into flats of residents.
 - Lack of procurement in between the two phases of works to be carried out
 - A large Portakabin left on site, possibly used for storage by contractors for a longer period beyond the end of the contract.
 - Contractors on-site parking their vans on the green amenity spaces and in designated children play areas thereby ruining the grass
 - Resident’s concerns with contractors smoking on the steps of flats.
 - Site was left unsecured by contractors and there were instances when it was easily broken into and items dumped into the contractors skip not necessarily by residents of Highbury Quadrant. These sites were secured using plastic ties.
 - In general TRA’s felt that what was required with projects of this scale was closer supervision.
2. The Head of Capital Works Programme reiterated the importance especially of big projects being properly managed, which was not the case with Highbury Quadrant as there was an element of inexperienced personnel on site.
3. Phase 2 of Highbury Quadrant did not proceed as planned as contract with Breyer’s has come to an end and the Council not having another contractor in place to continue the phase 2 of the project. The Head of Capital works acknowledged that procurement exercise is a very complex process, reiterating it takes time and that presently the procurement process is ongoing. The recent process of tendering and procurement for the phase 2 of the project in particular and for future tendering exercise would require quality statement to be submitted, so as to ensure that the Breyer’s

experience is not repeated.

4. Noted that that resident's concerns had been taken on board, and that there had been a noticeable improvement with Breyer, bringing onto the site a more experienced new site manager. In addition, the Council has ensured that health and safety officers now make two visits to the site every week, following complaints about scaffolding and security. Also progress meetings are held weekly every Wednesday where minutes are taken.
5. The Project manager acknowledged that the erection of the scaffolding is put up as at when works is to commence, and contractors are allowed to put scaffolding on a number of blocks at a time and do not allow the whole estate to be have scaffolding.
6. A TRA representative acknowledged that scaffolding was not erected all over the whole estate, but found it difficult to justify the length of time especially when works which were scheduled to be completed for 12 weeks, the scaffolding remained up for a further 9 months.
7. The TRA welcomed the assessment of the quality statement provided by contractors as part of the procurement process for phase 2, but was concerned if this would prevent a similar outcome as this procurement would result with only one contractor being employed for the next phase.
8. The Project Manager acknowledged that the new procurement exercise would result in 3 contractors being appointed across the borough, and although similar to the arrangement with Breyer, the rigorous quality statement provided by contractors would ensure that issues such as the qualification and experience of the site manager will be addressed.
9. A challenge for Council using the framework type of procurement is that it results in the appointment of 2 or more contractors, which is regarded as expensive in the long run not only to the Council, but also to the contractors, leaseholders and residents especially as this arrangement can only exist for a maximum period of 4 years.
10. The use of framework agreements, especially with large contracts is a long process, and this could take about 2 years and eventually ends up being costly to all parties, as the cost is added to the final cost. This is not regarded as value for money, hence the council reluctance to use framework agreements. The council's preference in carrying out it's works is what is called partnering agreement /contract, which can run for 10 years with some break in between the period.
11. In response to why the council employs only one contractor on one site, the meeting was informed that contractors provide their pricing based on their costs, and that having more than one contractor on site results in queries from neighbouring residents on why works carried out in their areas costs less

which is difficult to understand for a lot of people. The Council believes with working with a particular contractor in a particular area is easier to manage and be reflected in more competitive pricing, in comparison to many contractors being employed on one site.

12. On the question of whether the present arrangement of procurement would result in some form of cartel or monopoly, meeting was informed that it is not possible for anyone to know who is bidding for which contract.
13. The TRA indicated that going forward the Council should be considering ways of mitigating a situation where there is a gap between the procurement exercise, in order that works are not delayed. It was also suggested that the Council should possibly thinking of varying some of its procurement process.
14. With regard to constraints in any procurement exercise, the Project Manager stated that it is important to note that irrespective of any decisions made, the positives and weaknesses with any type of procurement are recognised, hence the decision to put in place carefully worded questions, and have a contractors quality statement with a view to ensuring that a good contractor is appointed at the end of the process.
15. It was noted that a Risk register is maintained by the Council and all failures are recorded. In addition, the team regularly facilitate 'lessons learned sessions' on projects that have experienced difficulties, and every two months a technical meeting of staff in Capital works is held where experience is shared.