

**Report of:** Executive Member for Housing and Development

<b>Meeting of:</b>	<b>Date:</b>	<b>Wards:</b>
Executive	11 <sup>th</sup> February 2021	All

<b>Delete as appropriate</b>	Exempt	Non-exempt
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## **SUBJECT: Major Works – Executive response to the report of the Housing Scrutiny Committee**

### **1 Synopsis**

- 1.1 In November 2020 the Executive received a report from the Housing Scrutiny Committee regarding the Housing Department's Major Works team. The report provided recommendations to improve the effectiveness and efficiency of the service as well as improving the resident experience.

### **2 Recommendations**

- 2.1 To agree the Executive responses to the recommendations of the Housing Scrutiny Committee as set out in section 4 of this report.
- 2.2 To agree that officers report back on progress to the Housing Scrutiny Committee in six months' as well as twelve months' time.

### **3 Background**

- 3.1 The Housing Scrutiny Committee collected evidence from September 2019 to July 2020 to review the delivery of major works.
- 3.2 The objectives of the review were 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; and to review the options available to deliver major works projects (consider whether delivery

in-house would be financially viable and provide a superior service, and whether small contractors would be more manageable).

### 3.3 Witnesses included:

- Head of Capital Programme Delivery
- Residents
- Commercial Manager at Camden Council
- Direct works member of staff at Southwark Council.

## 4 Responses to recommendations

4.1 The committee set out fourteen recommendations, reported to Executive. Responses to these recommendations are set out below:

4.2 **Recommendation 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. .**

4.3 **Response:** This recommendation will be put in place and is welcomed by officers as it provides a structure to formally record this information.

4.4 **Recommendations 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 his can be assessed against information gathered on work during the pilot project.**

4.5 **Response:** A project will be set up to assess the viability of major works being undertaken in house. Systems for the monitoring of spend, quality of work etc. would be developed as part of this. Staff will liaise closely with local ward councillors on the development of the project.

4.6 **Recommendation 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.**

- 4.7 **Response:** As given at 4.5
- 4.8 **Recommendation 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**
- 4.9 **Response:** Dependent upon the outcome of the viability project discussed at 4.5 above, options to roll out this model to local Housing Associations, TMOs and TMCs will be considered.
- 4.10 **Recommendation 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.**
- 4.11 **Response:** Officers agree that residents should be at the centre of any major works project. The provision of excellent resident communications is an area that is specifically referenced in the new contract documents and was part of the quality assessment for the appointment of the new partnering contractors. It is also recognised that this is an area for improvement within the in-house team of staff, who will work with a newly-appointed Resident Engagement manager to review processes and ensure they are in line with resident feedback and expectations.
- 4.12 **Recommendation 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.**
- 4.13 **Response:** Consideration will definitely be given to the role of a resident inspector or mystery shopper. It would not be appropriate to expect this role to include the inspection of building works (qualified clerks of works are employed by the Council for this purpose), but certainly individual residents could be appointed by the residents of individual blocks/estates to "represent" them, operate as a conduit with the Major Works team to discuss ideas, issues etc and, where TMOs and TRAs exist, to work closely and in conjunction with them.

- 4.14 **Recommendation 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.**
- 4.15 **Response:** Officers will ensure that this recommendation is taken on board and actioned. In some cases, rather than communicating delays as soon as they become apparent, it may be more appropriate to issue the communication once a remedial strategy has been developed and agreed.
- 4.16 **Recommendation 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.**
- 4.17 **Response:** The Major Works team aspires to working as efficiently as possible and ensuring projects are developed and designed swiftly, so that works may start on site in a timely fashion. With some schemes there are difficulties that arise in the pre-construction phase, eg. rejection of planning applications, or whilst on site, when unforeseen problems can come to light, that can cause delays. Capital Programme Delivery staff are experienced building surveyors, contract administrators and problem solvers and will be tasked with driving major works projects forward, as per the spirit of this recommendation.
- 4.18 **Recommendation 9: That in line with the Councils Inclusive Economy Agenda, 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.**
- 4.19 **Response:** This is a particularly relevant recommendation and one that the major works team will continue to prioritise. The use of local suppliers, wherever possible, is a requirement within the new major works contracts, as is the use of local labour. A local company that manufactures fire retardant and anti-graffiti paints is specifically referenced in the specification section of the contract documents, because their products and service is particularly good and demonstrates Islington's commitment to support local companies.
- 4.20 **Recommendation 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**
- 4.21 **Response:** The use of scaffolding will continue to be used sparingly and as efficiently as possible. The new contract ensures that the cost of scaffold hire will be paid for by the

contractor, if delays to the progress of work are deemed the responsibility of the contractor. The use of mast climbers is specifically referenced for use where appropriate, in place of scaffolding. The use of scaffolding will be monitored, as suggested, by way of the learning register.

- 4.22 **Recommendation 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**
- 4.23 **Response:** This recommendation will be highlighted to the Corporate Director of Community Wealth Building. The Progressive Procurement Strategy has recently been agreed by Executive.
- 4.24 **Recommendation 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.**
- 4.25 **Response:** Although both the Major Works team and the Day to Day Repairs team have a close working relationship, seeking advice from each other and sharing information, it is certainly the intention that this relationship continues and is strengthened.
- 4.26 **Recommendation 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.**
- 4.27 **Response:** This recommendation is fully accepted as part of good governance and oversight. The KPIs as mentioned in 4.26 above will be measured and monitored as described and we will also consider implementing other KPIs that are considered best practice.
- 4.28 **Recommendation 14: That Committee recommend Council should produce a 30 year Housing Revenue Account Business plan and regular reporting should be provided to the Committee.**
- 4.29 **Response:** The Corporate Director of Housing is looking to liaise with the Housing Scrutiny Committee regarding the updating of the existing 30-year business plan for the HRA, and regular reporting going forward.

## **5 Implications**

### **5.1 Financial Implications**

The recommendations & proposed actions, as they stand, can be accommodated within existing HRA budget provision. The outcome of recommendation 2 and 3 will be need to assessed from a finance perspective once the pilot project is complete. However, it should be noted that in-sourcing major works delivery is likely to increase costs quite significantly, and this would therefore potentially impair or delay the annual delivery of the major works programme. Recommendation 10 should release capital resource for the re-investment in our council housing.

### **5.2 Legal Implications**

There are no specific legal implications arising from this report. Legal advice and support will be provided, as required, in the implementation of the recommendations.

### **5.3 Resident Impact Assessment**

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A number of the recommendations relate to improving internal communications, communications with residents and providing an increased role for residents in the new build process. These recommendations will have positive impacts on residents affected by capital works and new build projects. A project will be undertaken to assess the viability of other recommendations and this may have equalities implications and impacts on residents. The equalities implications and impact on residents will be considered in detail as part of the process of developing the project and assessing its viability and will inform any changes to current procedures.

### **5.4 Environmental Impact Assessment**

Not required.

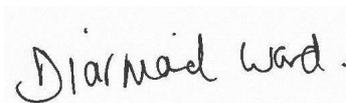
## **6 Conclusion and Reasons for Recommendations**

6.1 This report details the Executive's response to the recommendations of the Housing Scrutiny Committee.

**Background papers:** None

**Final report clearance:**

**Signed by:**

A handwritten signature in black ink that reads "Diarmaid Ward." The signature is written in a cursive style and is centered within a light gray rectangular box.

**Executive Member for Housing and Development**

**Date:** 2/2/21

**Report Author:** Christine Short  
**Tel:** 020 7527 4202  
**Email:** [Christine.short@islington.gov.uk](mailto:Christine.short@islington.gov.uk)

**Financial report Author:** Lydia Hajimichael  
**Tel:** 020 7527 5160  
**Email:** [Lydia.hajimichael@islington.gov.uk](mailto:Lydia.hajimichael@islington.gov.uk)

**Legal report Author:** David Daniels  
**Tel:** 020 7527 3277  
**Email:** [David.daniels@islington.gov.uk](mailto:David.daniels@islington.gov.uk)