

Report to: Housing Review Board



Date of Meeting 29 April 2021

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

Integrated Asset Management Contract; Operational Changes for the delivery of Voids

Report summary:

Operational changes for the delivery of Voids under the Integrated Asset Management Contract

Is the proposed decision in accordance with:

Budget Yes No

Policy Framework Yes No

Recommendation:

That the Housing Review Board accept the operational changes to the Void process, component list and price per void cost delivered under the Integrated Asset Management Contract

Reason for recommendation:

To ensure Members are up to date with operational changes in the delivery of the Integrated Asset Management Contract

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Portfolio(s) (check which apply):

- Climate Action and Emergencies
- Coast, Country and Environment
- Council and Corporate Co-ordination
- Culture, Tourism, Leisure and Sport
- Democracy and Transparency
- Economy and Assets
- Finance
- Strategic Planning
- Sustainable Homes and Communities

Equalities impact Medium Impact

We have involved tenants throughout the process through the Housing Review Board, tenants groups and as part of the evaluation process. We have continued to involve tenants throughout mobilisation through tenant groups and through direct representation on a number of working groups.

Climate change Medium Impact

We have engaged with Ian Williams as one of our key Partners in relation to their Carbon Footprint and this work is ongoing.

Risk: High Risk;

Not having sufficient contracting arrangements in place presents risks to management and maintenance of tenant's homes.

Links to background information [HRB Agenda 21 January 2021](#) (Item 13) [HRB Agenda 24 January 2019](#) (Item 10) [HRB 20 September 2018](#) (Item 11) [HRB 21 June 2018](#) (Item 13) [HRB 11 January 2018](#) (item 11) [HRB 12 January 2017](#) (item 14 and 15) [HRB 9 March 2017](#) (item 11) [HRB 15 June 2017](#) (item 9) [HRB 7 September 2017](#) (item 10) [HRB 28 March 2019](#) [HRB 20 June 2019](#) (item 11)

Link to [Council Plan](#):

Priorities (check which apply)

- Outstanding Place and Environment
 - Outstanding Homes and Communities
 - Outstanding Economic Growth, Productivity, and Prosperity
 - Outstanding Council and Council Services
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Report in full

1. Annual Review:

1.1 Under the terms of the IAMC Contract there is a requirement to carry out an Annual Review; the Review is carried out by our specialist Consultant, Echelon who led the procurement of the Contract.

2. Voids:

2.1 In addition to the Annual Review our Consultants Echelon also carried out a detailed review Voids, the outcome identified operational areas that could be changed to improve the service delivery of the Voids and value for money.

3. Void Pre-inspection, Type and Programme:

3.1 During the mobilisation period of the IAMC the following was agreed:

- The pre-inspection process would be carried whilst the property was still occupied all to enable the Void work to commence the day after the keys were returned; in reality:

- Outgoing Tenants were reluctant to allow access to carry out pre-inspections whilst they were still residing in the property meaning such inspections could only be carried out when the Keys had been returned.
- Government imposed Covid related working restrictions meant that both our own and the Contractors surveying teams could not access the properties whilst they were still occupied.

4. Three void types were agreed:

- V1 which covered the PPV works and a major component (e.g. a Kitchen) with a target completion of 10 working days.
- V2 which covered the PPV works and 2+ major component changes (e.g. a Kitchen, a Bathroom, an electrical re-wire etc.) with a target completion of 28 days.
- V3 which covered major works (e.g. a full property refurbishment) with a period for completing the work to be agreed between both parties.

4.1 The V1 and V2 voids were both subject to discussion with parties having difficulty in deciding where a particular property should sit, V1 or V2; whilst the description seemed sufficient some properties required extensive remedial work with the Contractor believing they should be classified as V2 whereas we believed they should remain as a V1.

4.2 With use of both the V1 and V2 Voids types the KPI's became increasingly challenging to interpret and calculate; the KPI for voids should only be applied to V1 Voids.

4.3 The onset of Covid working restrictions also impacted on the delivery time for **Voids.**

5. In the light of the confusion relating to interpretation of Void Type both parties, after discussion agreed that moving forward there should be two Void Types namely:

- V1 which covers the PPV void works and up to 2 major component changes with a target completion of a maximum 14 days.
- V2 which covers major voids requiring 3+ major component upgrades and/or exceeding £10k in value; the period for completing such voids will be agreed on an individual basis by both parties.

6. The programme for the Pre-inspect and the V1 void period is appended to this document.

7. Generally all voids will fall under the V1 classification, the requirement to use a V2 void will be exception and by agreement by all parties.

8. The KPI for Voids will be calculated using V1 Void data only, this change will improve both the performance of the delivery of Voids and ability to accurately report.

9. Void Inclusions/Exclusions and PPV Price:

9.1 The Void review highlighted exclusion works being regularly required and carried out voids under the term of 'Price per Void Exclusion (PPV excl)'; as part of the Void review 150 works orders were reviewed, the findings are summarised below:

- The 150 orders equated to an exclusion value of £299,782 in total. This is an average exclusion value per work order of £1998.55 for these orders. As above the majority of these appear to be acceptable, however some items are unclear as to whether they were correctly applied based on the job descriptions provided.
- 70 of the 150 works orders as mentioned were in sheltered units and 80 in general needs units. The average exclusion cost for sheltered properties was £1557 per work order and for general needs properties was £2384 per work order.
- Legionella costs are very low at £776 as they are deemed to be part of the PPV cost, partnership to review why this was charged.
- Asbestos costs are high at £32,770 which could be considered to be a reflection of the age of the EDDC stock in general.
 - a. Subsequent review of the work revealed that asbestos related work can be built into the PPV cost which in turn significantly reduces the exclusion cost.
- EPC costs are very low at £63 as they are deemed to be part of the PPV cost, partnership to review why this has been charged; subsequent investigation revealed that this was charged in error.
- CP12 costs amount to £3030. It is to be noted that normally these works are carried out by Liberty Gas as part of their contract, but these were picked up by Ian Williams during the period of the first Covid lockdown and thus are a chargeable item. This element of work is now back with Liberty Gas with no charge to the IAMC Contract being incurred.
- Covid de-contamination costs amount to £11,924 and are an added cost bought about by the Co-Vid virus and deemed necessary by the partnership.

Such specialist cleaning/de-contamination is required under the Government imposed Covid H & S working practices, as restrictions are lifted such costs are reducing and eventually will no longer be applied.

- Re-Decoration works amount to £16304. Generally re-dec works in this contract are carried out in sheltered units but not in general needs units except where authorised by EDDC. The value of the re-dec works though appears to be the reverse, in that £14899 worth of re-dec works has been carried out in general needs properties and only £1404 in sheltered properties. EDDC need to be clear in their interpretation of the void specification in relation to re-decs, and it is suggested that any re-dec works recommended are agreed/signed off by the Contract Manager. It is apparent that at certain times the team have been pressured into carrying out re-dec works to make the property more attractive to re-let.

EDDC's Contracts Manager is now reviewing the Specification for all General Needs properties where re-dec is being recommended, it transpires that in the majority of cases such work is not required and the PPV should be applied with no additional cost being incurred.

- Garden Clearance amounts to £13985 of works. Around 40% of this cost is arguably down to the resident in that they have not maintained the property in line with the rent agreement. EDDC are advised to review this as part of their re-charge policy and as part of the termination process.

We have now implemented the re-charge process to recover such costs, in addition our colleagues in Housing Services need to be reviewing and addressing the issue of poorly maintained gardens.

- Tenant damage is an obvious area of concern as 11% (£33,643) of the review value can be attributed to damage or miss-use of the property by the outgoing resident/s. Again EDDC are advised to review their re-charge process, and a thorough review of the termination process to ensure residents are aware of their requirement to maintain the property to an expected standard when they terminate their contract. It is apparent that currently there is minimal re-course to the outgoing resident/s at a significant cost to EDDC.

We have now implemented the re-charge process to recover such costs.

- Exclusions that may be considered as Inclusions amount to £13,004 in this review. It is difficult to assess exactly as supporting notes from EDDC's side (Open Housing) are generally not available. Generally though the figure for year 1 of a contract is low and would suggest that overall there is a good understanding of the specifications.

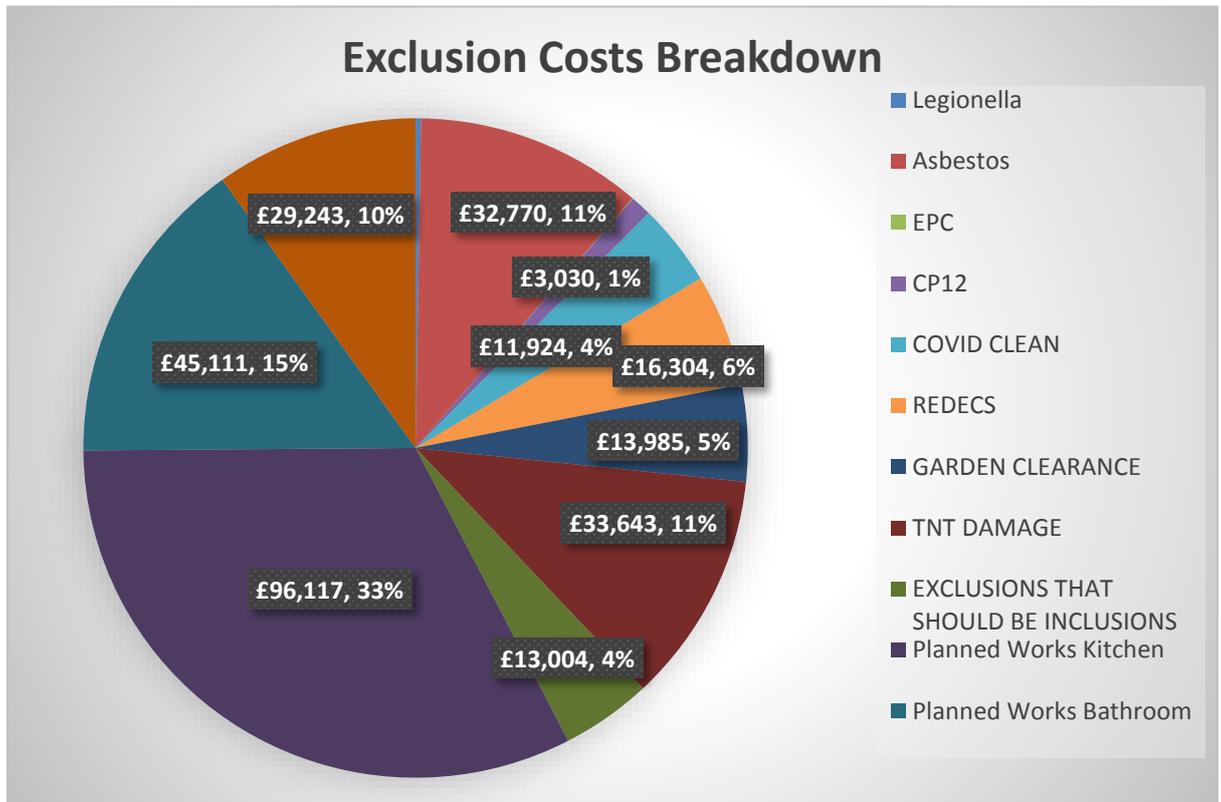
As the Contract evolves the understanding of inclusions/exclusions has improved/continues to improve and the amount of exclusions is reducing.

- Planned works make up a significant amount of the exclusions value totalling around 48% of the cost. The nature of these works are high value as they are full replacement works. In total 27 (18%) of the 150 works orders had a kitchen replacement and 16 (11%) had a bathroom replacement. These figures are slightly higher than what would generally be expected and this may be a reflection of the age of the stock or a slight under-investment on the planned programmes overall.

The necessity to carry out replacement Kitchens/Bathrooms is in many cases a result of Tenant damage whilst some such components are nearing the end of their life, however a much tighter inspection process has been initiated as the Contract has evolved with the focus being more on repair rather than replacement.

- The remaining part of the exclusions work is those exclusions deemed to be genuine in that they are not captured in the PPV specification. These amount to £29,243 and will be picked up as potential additions to the PPV specification later in this report.

A breakdown of the exclusion type was carried out and the results are as per chart below. With an explanation of each line below the chart.



10. In light of the above findings and as well as the measures already implemented the Component list on which the PPV cost is based was also reviewed with the

aim of including those works that regularly appear as exclusions to become inclusions; the main areas of focus related to:

- Asbestos work (removal and drilling)
- Fire door inspections and repair
- Clarification of Fire Alarm requirements (LD2 standard to BS 5839) as a result on change in Statutory Regulation
- Clarification of the Carbon Monoxide alarm provision.

The inclusion of the above within the PPV will minimise the confusion surrounding such issues and significantly reduce the number and costs of the exclusions, in some cases the costs for such exclusion work often exceeds £1,000.00 particularly for asbestos and fire related work, therefore the increase in the PPV price of £456.56 highlights the potential cost benefit that will be achieved.

11. With the amendments of the Component list agreed Ian Williams re-priced the PPV the outcome of which resulted in an increase in the PPV cost of £456.56 including the 1.8% CPI uplift.

11.1 The revised PPV cost is **£2,876.56**

12. Conclusion:

12.1 All the above operational changes namely the Void Types/Period, the PPV Component list and the PPV Price followed the Governance process set out in the Servicing Term Briefs, specifically the Price per Void (PPV) all of which form the IAMC Contract, these were formally ratified/signed off by the Core Group at their Meeting on 26th January 2021.

12.2 A Document Amendment Form was duly prepared for signing by both parties to enable the changes to be implemented.

Financial implications:

The financial implications are contained within the body of the report.

Legal implications:

“It is key that the provisions of the Council’s constitution are followed in respect of any amendment to a contract. If there is an additional spend required over and above that which is budgeted then this will need to be a recommendation to Council via Cabinet”.