



To: Executive Councillor for Housing (and Deputy Leader): Councillor Catherine Smart
Report by: David Horspool, Director of Resources
Relevant scrutiny committee: Housing Management Board 18/9/2012
Wards affected: All Wards

PROGRESS REPORT - HOUSING PLANNED PREVENTATIVE MAINTENANCE CONTRACTS
Not a Key Decision

1. Executive summary

This report provides details of works delivered and performance achieved in the 1st year of the housing planned maintenance contract that started in July 2011.

2. Recommendations

This report is for information only

3. Background

During 2010/11, a large scale procurement exercise was undertaken to select a partner to work with the Council for a period of five years from 2011/12, to deliver planned maintenance services across the housing stock.

The contract was awarded to Apollo Property Services Group, and staff who had previously delivered this programme of works in-house, were transferred to Apollo for a contract which began in July 2011. Kier Support Services were appointed as a secondary contractor.

The scope of the planned maintenance contract includes all of the investment elements associated with the maintenance of the decent homes standard, in addition to investment in disabled adaptations, garages, asbestos removal, fire safety works, fencing, environmental improvements, works to communal areas and major projects such as sheltered scheme refurbishments. The planned maintenance contract also delivers planned revenue investment, which consists of a rolling seven-year external paint and repair programme for the housing stock.

4. Payments and target costs – Apollo

- The Indicative contract value for year 1 for Apollo was £6.5m
This was the indicative value of work when the contract was signed
- The Price of work “task ordered” in Year 1 was £5.8m
This is the Price (value) of work actually ordered in year 1

This figure is less than the indicative contact value for various reasons: - a number of work streams were not actually ordered by the Council in Year 1; Cambridge Standard works were not identified by City Homes; the budget set aside for sulphate attack works at Lichfield Road was not used because there were no void properties; fire safety works at Colville Road were put on hold.

- Apollo’s cost of the work completed in year 1 was £6.4m

The Value and cost of the work is different because the contract that is being used is a “target cost” type of contract. The contractor tenders a series of Prices, but when they do the work they are paid their costs. The contractor has an incentive to make sure their costs are less than their Prices because they get a share of any savings

Following the most recent contractor’s share calculation, Apollo’s costs have exceeded the Target Price by £402,439.29. Apollo have had to repay the Council £368,349.31 through the Contractor’s Share provisions in the contract.

The figures above reflect the financial position as at 18th July 2012, where some areas of work were not 100% complete.
These figures will change as we have further valuations to assess.

5. Completion of programme of works – Apollo Property Services Limited

Type of work	% of ordered work completed at 18 th July 2012	Approximate Value of work ordered	Notes
Kitchens including electrics	100%	£387,095	205 Kitchens installed
Bathrooms including electrics	100%	£177,640	134 Kitchens installed

Type of work	% of ordered work completed at 18 th July 2012	Approximate Value of work ordered	Notes
Level access showers	80%	£228,000	100% complete by end of September 2012. 2 showers will be transferred into year 2 due to tenant health issues which caused a delay.
Heating	100%	£735,742	
Electrical	100%	£425,556	
Hardwire testing	100%	£15,720	
Overheads and staffing costs	100%	£447,951	
Cyclical Maintenance			
Decoration/repair	90%	£890,401	100% complete on 17/8/12
HHSRS	90%	£93,256	ditto
Fencing	90%	£118,943	ditto
External Doors	80%	£192,404	ditto
Roofing / Chimneys	100%	£842,039	
Wall finishes –BISF external insulation	100%	£168,308	Byron Sq and Paget Close
Sulphate attack	N/A	N/A	No work ordered due to no voids
Asbestos Removal	80%	£96,828	Work will be transferred into year 2. Project delayed due to relocation of tenants.
Windows	100%	£56,369	
Loft / cavity wall insulation	90%	£18,489	
Garage improvements	100%	£75,497	East Road garages
Paving and footpaths	100%	£173,891	Fulbourn Old Drift
Recycling areas	100%	£18,135	

Type of work	% of ordered work completed at 18 th July 2012	Approximate Value of work ordered	Notes
Communal area floor coverings	100%	£10,934	Pilot now complete. Work will be complete in 2012/13
Cambridge Standard works	100%	£99,384	
Fire escape works and internal alterations	100%	£533,654	
TOTAL		£5,806,808	

6. Completion of programme of works – Kier Services

Type of work	% of ordered work completed at 18 th July 2012	Approximate Value of work ordered	Notes
Fire Safety Works at Ekin Road	100%	£399,151	
Ongar Court fire reinstatement works	100%	£70,628	

7. Performance Information - Apollo Property Services Group

Key performance indicators are used to track performance. These are presented to each monthly contract meeting. The average achieved at the end of year 1 are present in the table below.

	Target	Achieved
Customer satisfaction This is a measure of how satisfied residents are with completed work	90%	96%

Quality This is a measure of the condition of completed work in respect of defects at handover	90%	87.6%
Cost Predictability This is a measure of the reliability of construction cost estimates of the project (“-“ indicates a saving against Target Prices)	-2%	+7.3%
Time Predictability This is a measure of the % of properties completed in the target time (15 days), expressed as a % of the total number of properties completed.	90%	98%
Disabled adaptations complete in target time This is a measure of the % of properties completed in the target time (90 days from instruction to proceed, to date of handover), expressed as a % of the total number of properties completed.	90 days	100%

8. Contract Management

An internal audit report on planned maintenance contract management gave a “significant” assurance rating in November 2011. A further audit is underway at the time of writing this report.

The Council has subscribed to a web-based contract managed tool to assist with contract administration and this has helped control contract communications and compliance with the contract.

9. Electrical works and third party testing

In view of the occurrence of electrical services defects in the previous Apollo contract (2005-2010), Apollo proposed third party testing of all electrical services in this new contract.

However, the supply of electrical certificates and third party inspections has not been satisfactory. Apollo did not use the mobilization phase to transfer accreditations for TUPE transferring electricians and this has resulted in a large backlog of electrical certification. There has also been a number of different electrical sub-contractors carrying out work.

There has been a substantial delay in submitting electrical works certificates arising from Year 1 works. This has had an impact on City Council quality control processes.

Apollo has not managed to ensure third party testing has taken place for all electrical installations. The Council has instructed another contractor to carry out 3rd party inspections at Apollo's expense.

In year two of the contract the Council will commission 3rd party tests of Apollo electrical works. Full house major electrical upgrades and other specialist electrical works will be transferred to the secondary contractor.

10. Quality

Quality has been good through out all the workstreams. The figure for quality shown in the table in section 7 reflects the issues we have regarding the 3rd party checks and the receipt of electrical certificates.

11.Waste Management

There is no evidence that Apollo are using site waste management plans to address issues of site waste. No complete and site-specific site waste management plan was issued to the Council until January 2012. This should have been in place at the start of the contract. This aspect of the contract will need to be fully reviewed in Year 2.

12.Health and Safety

There have been no reportable accidents in year one of the contract. Apollo has induction and site monitoring procedures in place.

13.Cyclical Maintenance

Completion of programme was delayed and was completed on 17/8/12. A lot more elements of the structure have been included in this program, including GRP doors, fencing and repairs to footpaths.

14.Sub-contracting

40% of planned work was carried out by subcontractors and 60% was carried out by direct labour.(TUPEE staff)

15.Workforce at July 2012

Apollo have a workforce of 28 technicians and 13 support staff consisting of RLOs, site managers, and admin staff.

16.Added social value

At tender stage Apollo made a number of commitments to add social value to the contract. Two trainee quantity surveyors and a trainee electrician have been appointed

Other tender commitments have not yet been implemented e.g.

- Provision of four, two-week work placements in year 1;
- Work with local schools to improve interview techniques and job applications
- Provision of 4-day Red Cross first aid training for four people in year 1
- CSCS cards for 45 people in year 1 (Construction Safety Scheme).

Apollo will be required to carry these year 1 commitments into year 2 of the contract as well as delivering year 2 commitments.

17. Implications

(a)Financial Implications

There are currently negotiations with Apollo, regarding staffing costs, claims for standing time and cost of surveys carried out by Apollo for cyclical repairs.

This may be resolved through mediation.

(b) Staffing Implications (if not covered in Consultations Section)

None arising from this report. The increase in the size of the programme of work in year will require additional resources. A request for funding has been incorporated into the mid year review of the HRA business plan that will be considered by HMB and Community Services and presented to full Council for approval in October 2012.

(c) Equal Opportunities Implications

None arising from this report

(d) Environmental Implications

None arising from this report

18. Background papers

No background papers were used in the preparation of this report.

19. Appendices

None

20. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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