

<b>Subject:</b>		<b>Housing Electrical Works</b>	
<b>Date of Meeting:</b>		<b>24 July 2018</b>	
<b>Report of:</b>		<b>Executive Director Neighbourhoods, Communities &amp; Housing</b>	
<b>Contact Officer:</b>	<b>Name:</b>	<b>Larissa Reed</b>	<b>Tel: 01273 294286</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 At Audit & Standards Committee on 19 September 2017, recommendations were made that the Housing service should review and resolve (in conjunction with the contractor) discrepancies between work carried out and the charges for electrical work under the Term Partnering Agreement between the Council and Mears Ltd, (now Mears Group Plc) dated 30 March 2010 ("the Contract"). Updates were provided to Audit & Standards Committee on 9 January 2018 and 27 March 2018.
- 1.2 This report sets out the outcomes of the work undertaken to date which are summarised in the Appendices.

**2. RECOMMENDATIONS:**

- 2.1 That Audit & Standards Committee note the report.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The Council and Mears entered into a long term partnership agreement in 2010 for the provision of a full range of property maintenance services and other associated works primarily but not exclusively for those properties held within the Council's Housing Revenue Account. This report relates solely to domestic rewire activities undertaken as part of the planned maintenance programme set out in that Contract.
- 3.2 In 2016/17 finance officers raised queries about the charges relating to domestic rewires undertaken under the Contract. These queries were initially investigated as a desktop exercise by Housing who reviewed contract and works order information stored within the Mears job management system ("MCM"). The results were flagged up with Internal Audit colleagues who carried out a small number of site visits alongside Housing surveyors to verify the accuracy of the data.
- 3.3 The audit review identified nine areas for further investigation as follows:
- 1 - Sealed lights

- 2 - Duplication
- 3 - Incorrect code (full rewire code charged)
- 4 - Incorrect code (kitchen rewire after full rewire)
- 5 - Consumer units
- 6 - No actuals (incurred on job or located elsewhere)
- 7 - Other
- 8 - No actuals (incurred on job but may be located elsewhere)
- 9 - Electrical tests

- 3.4 Of the nine categories some relate to the interpretation of the specification and the application of the contract schedule of rates as amended and updated since the commencement of the contract in 2010. The issues in respect of each are set out in the confidential Appendix 1 together with the concluding positions in relation to electrical work streams.
- 3.5 As reported to committee in March 2018 through the course of detailed review of each category significant changes to contract management arrangements have been implemented.
- 3.6 The committee meeting in March 2018 recommended “That the Audit & Standards Committee support officers in robustly pursuing Brighton & Hove City Council claims in relation to all nine categories where the legal position justifies it whilst robustly and fairly defending the city’s tenants should Mears make a counterclaim.”
- 3.7 Senior officers have subsequently had a series of negotiation meetings with Mears and have sought legal advice on the relative strengths of the positions identified by both the council and Mears. This advice is reflected in the comments in Appendix 1.

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

- 4.1 None directly related to this report.

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

- 5.1 None directly related to this report.

#### **6. CONCLUSION**

- 6.1 This report sets out the actions undertaken to review each of the nine categories identified. It also sets out the concluding position for each of the categories of work reviewed in line with the contractual terms.

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

##### Financial Implications:

- 7.1 The budget for the responsive repairs service to council tenants (including electrical works outlined in this report) is held within the Housing Revenue Account (HRA). Appendix 1 describes the actions taken by officers of the council and the contractor with respect to each category of claim. Overall both the

council and the contractor had made claims which in most cases related to the interpretation of the specification and the application of the contract schedule of rates. Investigations and negotiations have concluded that looking at all 9 categories, there are no longer any sums being pursued by either party. However, this exercise has resulted in greater clarity and an agreed interpretation of the contract and the schedule of rates going forward.

*Finance Officer Consulted: Monica Brooks*

*Date: 11/07/18*

Legal Implications:

- 7.2 The report presented to the Committee on 27 March gave guidance relating to contract management procures and the contractual dispute resolution process. There are no further legal implications arising in connection with this report which is for noting.

*Lawyer Consulted: Judith Fisher*

*Date: 28/06/2018*

Equalities Implications:

- 7.3 There are no equalities implications arising directly from this report.

Sustainability Implications:

- 7.4 There are no sustainability implications arising directly from this report.

Any Other Significant Implications:

- 7.5 No health and safety implications were identified as a result of the works reviewed and properties visited by Housing officers.
- 7.6 Housing surveyors have carried out inspections to 199 of the 265 properties covered within categories six and eight. For the 66 properties that have not been inspected, all have had multiple attempts to gain access including telephone contact and letters. 12 of these are now leasehold properties. The 44 tenanted properties where there has been no access will be referred over to the tenancy teams to carry out tenancy audits and any new information will be shared when available. No health and safety concerns have been identified relating to the jobs inspected. Five emergency repairs have been raised associated with the visits but these were not related to the works being inspected.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Appendix 1 – Exempt Category 3 and 5 (copy circulated to Members only)

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

None

## Background Documents

None