

Issue 18 - 2016

Bulletin



How much can your housing environment influence your life choices?

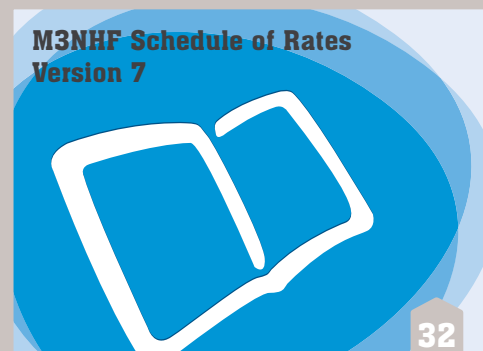
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Welcome to the National Housing Maintenance Forum (NHMF) Bulletin 2016

Liz Circuit, Secretary (NHMF)



The year began with the annual NHMF Maintenance Conference in a new venue at the Birmingham Hilton Metropole (NEC). While we all felt a certain nostalgia for the old days in Stratford upon Avon, the easier journey, the extra space and the high quality and relevance of the sessions were cited by many as reasons in support of the change.

The conference heralded the launch of a new free NHMF website resource focusing on two key areas: the first deals with all aspects of compliance; the other provides in-depth guidance on energy efficiency improvements. These pages, found under best practice at nhmf.co.uk, summarise all essential information, as well as providing greater detail on the current industry guidance. As always, we welcome readers' comments, as well as case study contributions.

The conference provides an excellent opportunity for professionals directly involved in the different aspects of the maintenance and asset management of UK social housing to share and test ideas. This year, there was much to debate, and many questions to be answered, in the light of continuing financial pressures and challenges. Encouragingly, ways of coping are already emerging, and the mood was generally positive. The various conference sessions identified three key themes as essential for future survival: **leadership; innovation; and collaboration.** These have all been echoed at other events this year, and will be found in many of the contributions to this *NHMF Bulletin*.

Strong leadership is vital. We need leaders with a sense of purpose to ensure the continuation of excellent services in areas such as housing, education, the justice system and health and social care. While we may not all be comfortable in the limelight of leadership, we all have a part to play, either by sharing knowledge and providing direction, or by encouraging and nurturing those that have the potential to lead in the future.

The ability to innovate, to find solutions to old problems, is also crucial. The articles in this bulletin contain many examples of new technologies that offer the prospect of

considerable future savings. New approaches to organising repairs and maintenance services and IT products can also improve processes and procedures and support the sharing of information. However, testing and adopting new ideas takes time. The development of a new construction material can be expensive, and take two or three years of rigorous testing before it can be released into the marketplace. We must be aware that the process of innovation takes time.

Collaboration, however, is something we can all embrace immediately. No matter how big or small an organisation, there is always scope for improved inter-departmental co-operation. Communication is key, whether it is a conversation with the person at the next desk, or walking down the corridor to a different work area, say from Maintenance to Development. This simple change in behaviour can deliver astonishing results in terms of saving both time and money.

Our businesses offer the opportunity for close working in supply chains, between contractors, between similar organisations, with social services, with local schools and universities and with local or central government. All such collaborations can provide potential cost savings and quality improvement in service delivery. It is in all our interests to work together as closely and effectively as possible.

During the year, NHMF events and activities aim to provide an environment where such connections can be fostered and strengthened. The NHMF Contractor Forum is open to organisations of all sizes. NHMF training days, and the annual NHMF study tour, welcome clients, contractors and consultants to a forum that encourages collaborative engagement. Entry to the NHMF Awards gives a morale boost to hard-working teams and shares good practice with peers who might benefit by adapting a project to suit their particular organisation.

The difficult and demanding circumstances under which our sector has always operated has made it robust and resilient. We look forward to hearing about the initiatives your organisation has developed to meet the challenges of the current environment at next year's NHMF Maintenance Conference which will return to Birmingham 24-25 January 2017.

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The National Housing Maintenance Forum (NHMF) sets the standards for maintaining assets and manages the development of the M3NHF Schedule of Rates. For more information visit www.nhmf.co.uk



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How much can your housing environment influence your life choices?

Special feature



Louise Lundberg, Environmental Consultant (Grönare Stad AB)

I often work with housing associations that want to deal with technical issues, such as preventing flooding during big rainstorms. To manage the water, we use natural elements such as plants and ponds, which helps us get more out of it than just efficient flood prevention. We also get beauty and wildlife. We get peace and increased wellbeing for the people who live or work there! By involving the residents, educating the staff and making designs for a specific area, I get the privilege of seeing a community building awareness and respect for their environment.

Using greenery and natural beauty in the housing area sets the community off in a positive direction. This is true both for the well-functioning community and the disadvantaged one. Though the effects may be even more striking in the heavily dysfunctional ones.

What makes a person happy, prosperous and well-adjusted or dysfunctional, tending to crime or hopelessness? Is it realistic to think that their housing environment has the slightest chance to influence these things noticeably?

Well, according to a study made by Frances Kuo and Bill Sullivan of the University of Illinois, greenery decreases crime rates. In Chicago, 28 16-story apartment buildings were studied around 2001. Most of the houses were in an environment dominated by asphalt and concrete, but some of them had trees or bushes surrounding them. The study showed that buildings with high levels of greenery had 48% fewer property crimes and 56% fewer violent crimes. The greener the surroundings, the fewer the number of crimes that occurred.*

How many times have I heard the assumption that crime will be reduced if you remove trees and bushes so the criminals and vandals will have less things to hide behind? Yet it turns out that the greenery will in fact make people less likely to vandalise and steal! I think there are several mechanisms co-operating towards this positive change, and I'll give a few examples from Malmö, Sweden, that can illustrate how. In Seved, a small, ill-kept area with many smaller estate owners, many of whom do not keep standards very high, a group was initiated by Somali immigrants who wanted to get to know their Swedish neighbours better. The group started a garden. Seeing the first plantings on the sidewalk opposite the little square, passers-by were sceptical and assumed the whole thing would be vandalised in no time. But they were wrong. The garden grew,

“Using greenery and natural beauty in the housing area sets the community off in a positive direction.”

and was respected. The group did not fence it in – on the contrary, they offered free vegetables to anyone who asked. Nothing was stolen or destroyed. There was a much greater presence of adults and children in the street; there was integration and friendships building. Plus, the young people who used to burn cars for fun on the weekends could not help but feel the positive atmosphere.

In another segregated and disadvantaged part of Malmö, the 25 000-people-large Rosengård, a small garden took part in changing large events. The riots in December 2008 started because of a basement mosque being shut down. They went on for three nights. The police called in reinforcements, but could not stop them. They even sparked riots in Stockholm. But, on the third night, the parents of Rosengård went out and put a stop to it. They sent the youngsters from other areas away, and their own children home. The garden played a part, in that it was the green patch where these parents grew grapes and met to support each other in the difficult task of raising children in a society much different from where they themselves had grown up.

Thus, greenery plays a subtle role in reviving, re-empowering and nurturing people and their relationships with others and between human beings and the rest of the living world. Reconnecting to where our food comes from helps us find balance and meaning. Green environments give us the chance to breathe and de-stress ourselves. We finally become the part of the ecosystem we really always were.

To find out more about this project and others like it, contact me at: www.gronarestad.se

*Reference: 2001, Frances Kuo and Bill Sullivan of the University of Illinois Human-Environment Research Laboratory.
Text quoted from http://actrees.org/news/trees-in-the-news/research/more_trees_less_crime/

An ambition to deliver: efficiency through innovation

Special feature



David Orr, Chief Executive (National Housing Federation)

There is no doubt that the job of asset management has got a lot bigger and harder in the last year. The cumulative impact of recent policy changes is still emerging and I know associations up and down the country are already making changes and difficult decisions to manage the impact of policies such as the 1% rent cut and changes to Local Housing Allowance. The threats to investment plans are clear as associations need to think more closely than ever about all expenditure, but so is the need to provide affordable, liveable homes to the most vulnerable as households budgets continue to be squeezed. As a sector, we may have the best-maintained and highest-energy-performance stock of any in the country, but as a nation the performance of the wider housing stock is poor compared to the rest of Europe – only Estonia's homes are colder. So it is clear there is still a lot to do.

“The drive for efficiency should encourage us not just to cut costs, but to look for solutions that enable us to do more of what we do and to do it better.”

At the same time we have committed to building more homes, more quickly to end the housing crisis. Two years ago, we published *An Ambition to Deliver*, setting out housing associations' collective vision for the next 20 years. In that vision we said loud and clear that one of our top priorities would be building more of the homes this country so desperately needs. Now that the Government has prioritised house

building, we have an invitation – and a challenge – to deliver these homes. And that means homes of all types, in all areas where they are needed, from big cities to rural communities.

Innovation and efficiency across the sector will help us, and already are helping us, to respond to these challenges in a proactive manner.

Developments like Shropshire Rural Housing Association's eight new homes in Kinlet demonstrate such innovation in action. Built with a highly insulated timber frame system and ground source heat pumps, they provide much needed warm and affordable homes to rent for local people, with average fuel bills expected to be just £7.50 a week.

Technology and digital systems can help associations save time and resources. We have seen organisations such as Halton Housing Trust piloting the use of sensors and data to reduce heating and lighting costs, identify noise and damp issues remotely and support intelligent maintenance planning that enables problems to be addressed before they even occur.

Modern construction methods can speed up development and improve the way we manage assets in the long term, with the potential to accelerate building, reduce costs and improve energy efficiency. And we will soon see these benefits for existing, as well as new, homes as a group of leading housing associations, alongside the National Housing Federation and industry groups, are helping to bring Energiesprong to the UK. Energiesprong is a fully integrated refurbishment package that makes it possible to improve a home to net zero energy consumption in just a few days, allowing the occupant to continue living in the house during the works.

The drive for efficiency should encourage us not just to cut costs, but to look for solutions that enable us to do more of what we do and to do it better. As the examples above show, when it comes to managing our assets, the rewards for doing so can be very significant, both for businesses and for tenants. Asset management and maintenance professionals play a key role in all of these solutions and it is impossible to overstate how important you are in the delivery of a thriving and efficient social housing sector, providing great homes that people want to live in.

Through our research and policy work, our national events and regional interest groups, the National Housing Federation, alongside the NHMF, is here to support you to make these ambitions a reality.



£350,000 salaries for Britain's worst social housing chiefs



James Tickell, Partner (Campbell Tickell)

Signs of the Times?

A few weeks ago, readers of the Times were greeted by a banner front-page article, savaging the house-building record of housing associations, and pillorying a random selection of named Chief Executives for the level of their salaries. More detail, with pictures, followed on a subsequent page, with a gratuitous side swipe at the holiday choices of one of those named. A stern editorial drove home the messages: housing associations are now part of the problem, and not part of the solution. They are inefficient, complacent and need a proper sorting out. For good measure, the leader called for privatisation of existing grants, presumably to investment banks.

Now, never mind that the figures and logic in the Times were highly suspect, and subject to swift rebuttal from housing experts. Never mind that it is unclear how a Government grant – as opposed to a loan – can actually be privatised. The damage has been done, as was the intention behind whoever chose to plant the article.

Few friends

For housing associations, one thing is clear, that they have few friends in the policy and media establishment. The impact of the recent rent and benefit cuts is unlikely to be the last unpleasant surprise for the social housing sector. The Housing Bill going through Parliament gets the ball rolling, and has been described and analysed in much detail elsewhere. Some have portrayed it as a determined assault on the very existence of social housing.

Taking a step back, it is important not to let this suddenly less-benign environment cause terminal panic or alarm. Housing associations are major businesses, with a pretty good track record of delivering against Government targets.

They cannot be abolished or dismembered overnight, even if they are, at least for now, technically a part of the private sector. So long as they can deliver (and be seen to deliver) a good number of new homes in time for the next General Election, they should live to fight another day. But the next few years will not be easy, and there will certainly be less money to spend on providing services and on maintaining and improving properties.

What might this all mean for readers of the *NHMF Bulletin*, beyond a need for general tightening of belts? There are risks, for sure. Cutting back on property maintenance expenditure is the easiest way to reduce costs in a hurry, even if the longer term consequences may be more expensive overall. Property professionals within housing associations need to be ready to make that hard-headed business case for keeping properties in good order, rather than risk a spiral of decline and deteriorating physical conditions. But there will need to be changes, perhaps best summarised as working smarter and more strategically.

The profit and loss approach

Well-run housing associations need good information about the profit and loss situation, preferably for each and every property, and certainly by area and property type. Non-performing assets need to be sold or brought to profitability, and this is where the strategic approach to asset management comes into its own.

A more intelligent approach to component replacement will help too. The days of ripping out good enough kitchens and bathrooms because they have reached a certain age should be over. "Make do and mend" will become more the spirit of the age – components should be inspected, and an informed view taken about

“For housing associations, one thing is clear, that they have few friends in the policy and media establishment.”

how much longer they may serve. Of course there should be no cutbacks to basic health and safety, nor to weather proofing, but the intelligent approach will begin to yield dividends soon enough.

Behind an intelligent approach must lie state-of-the-art information technology – the old adage of “invest to save” is nowhere more true than in this arena. Some large associations are already investing millions into new IT, encouraging tenants to go digital, creating customer-friendly phone apps and more. Smaller organisations may need to tap into the expertise of their larger colleagues or band together to procure the new systems they need. Joint ventures, combined procurement and shared services need to become far more common in our sector,

Continue...

which has traditionally been resistant to much cooperation and collaboration.

Being commercial

A more commercial approach will feed through into other areas of work too. Office processes need to be reviewed and streamlined. When tenants damage their properties, the costs should routinely be recharged to them, as would happen under any private rental. The Audit-Commission-inspired obsession with chasing ever-increasing levels of tenant satisfaction needs now to be balanced with a dose of managed expectations.

Yes, it is good business to have satisfied customers, but the law of diminishing returns cannot be ignored. If satisfaction is in the 60% or 70% ranges, then driving it up into the 80s is necessary, and demands capable management. But once it has reached the upper 80s or 90s, then maybe good enough is good enough. Service standards need to be realistic and achievable, and safety-critical repairs must always be done in a hurry. But the response time for non-urgent repairs can be stretched. Much evidence suggests that having a timed appointment is by far the most important thing to tenants, whether it happens after three days or 10.

The other win-win for tenants and landlords is the game of getting repairs right first time, without the need for repeat visits. This is about logistics and the intelligent application of data from past repairs. Longer term, it may also be about using data from sensors embedded in (say) boilers, but few are yet ready to take technology to this stage. The nature and range of tools and materials in vans needs regular review and fine-tuning, if first time fix is to be widely achieved. So does the management of the initial customer contact.

When organisations have a direct labour workforce, the productivity needs to be upper quartile, with governance oversight from people



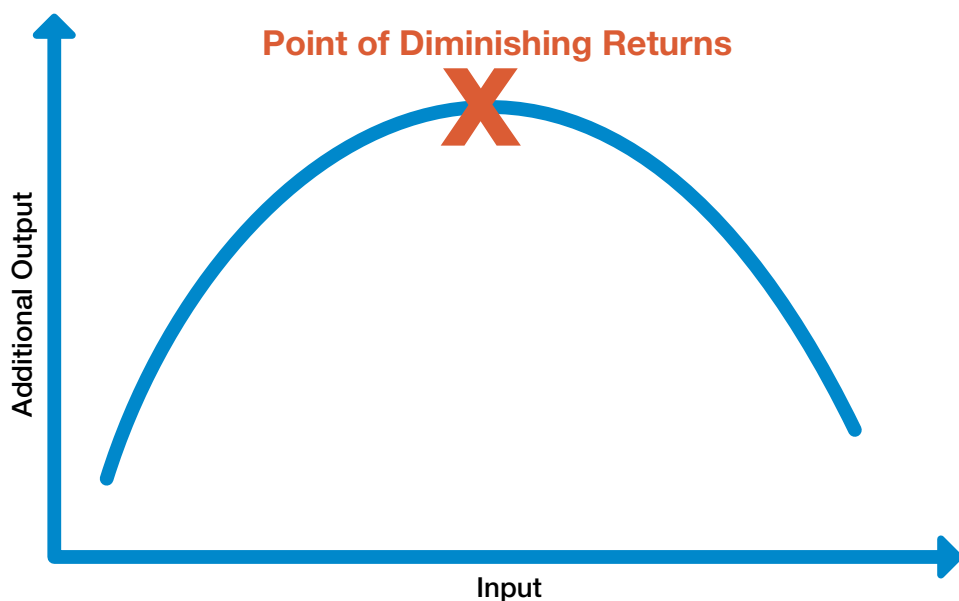
with relevant and current skills and experience. VAT savings on direct labour are all very well, but can easily be wiped out by organisational flabbiness and inefficiency. Multi-skilling is becoming the norm, but is far from universal. Contractors need to be managed to follow the same disciplines, with a rigorous approach to their performance and compliance as well. Customer training is vital. For many tenants, the interaction with an operative on site will entirely dictate their view of landlord performance.

Strategy and intelligence

All in all then, a successful future is about strategy and intelligence. Costs need to be contained, but not necessarily at the expense of quality. Tenants must have a fair deal, but a realistic one too. Jobs and job descriptions will change, both for those in offices and depots, but also for operatives who are out and about

“The Audit-Commission-inspired obsession with chasing ever-increasing levels of tenant satisfaction needs now to be balanced with a dose of managed expectations.”

and interacting with tenants. Times will be tough, but there can be a compelling vision for better ways of doing things – for agile, empowered work-forces, and increasingly tech-savvy tenants, all freeing up resources to develop those mission critical new homes.



Managing Maintenance in austere times



Shaun Aldis, Director of Operations
(Wolverhampton Homes)

The last 12 months have seen a seismic change in the way we operate. Changes to the benefit cap and rent reductions (to name just a couple), have negatively impacted on the income that we use to deliver services. In times of diminishing revenue/capital funds and increasing demand, balanced resource allocation becomes even more difficult to achieve. To counter this we must continue to develop new and smarter ways of working. They will require careful thought and planning, and the reliance on staff to remain flexible has never been so critical.



My presentation to the 2016 NHMF conference focused on how we are managing to achieve value for money in this new reality. I identified 10 key areas:

1. Risks and Challenges: at Wolverhampton Homes the biggest challenge has been the reduction in rental income; to offset this we set about “stress testing” our asset management database to look at what work could be deferred. We also tried to de-risk some of the assumptions by getting a firmer grasp of what work was required.
2. Engaging with our staff to get buy in: we advised all staff of the extent of the challenges we faced, how we were performing and what we wished to achieve. We asked for their ideas.
3. Building relationship: a series of events were held to communicate to our partners what we were experiencing and the likely impact in their areas of work. We held “meet the buyer” events and our supply chain partners looked at shared services and collaborative ways of working in an effort to remove duplication. Many organisations are insular and won’t contemplate considering other organisations to undertake works on their behalf. An example was given about the extension of “right to buy” to Registered Providers, many of whom are setting up new teams to deal with this. However, neighbouring organisations (Council’s / ALMOs) may already have an experienced team who could undertake this on an out-sourced basis.
4. Triple Bottom Line: understanding through contract monitoring meetings how your supply chain is supporting you and what level of preliminaries, overheads and profits they are charging. A lot of effort goes into chasing immediate price but it’s in the overall lifetime cost where savings can really be made. We also discussed the benefits of having lead designers employed to control scope and specification and the savings that this can make towards the overall delivery of a project.
5. Attention to detail: if you have a contract, understand it. It is surprising what bidders will put into a tender in an effort to secure work; it is important that you hold them to their promises. Remember, inadequate contract management will result in an increase in the overall cost. Use the contract proactively; not as way to circumnavigate procurement rules. Count what matters, and don’t get too focused on issues such as favoured material suppliers; it is time to challenge old allegiances to see if there are better deals available. Finally, always have a contingency plan.
6. Cash-flow and income: know your top 10 suppliers by spend. What are the T&Cs for payment (frequency etc.) – are they better than those the industry tends to offer? If so, don’t be afraid to request a discount for prompt payment.
7. Measuring, managing and improving KPIs: you need to be clear as to how the budget was arrived at. Remember, just because the money is there doesn’t mean it has to be spent, so don’t give it away. Rather than simply applying annual uplifts to SoRs, get the contractor to demonstrate what has changed in the last year to justify any increase. Use equal vigilance in managing the in-house team, and never forget the old adage “what gets monitored gets managed”.
8. Have a clear goal: what is your baseline position and where do you need to be?
9. Be patient: “good things come to those who wait”.
10. It’s now over to you to make a difference....

Meeting the future challenges of housing maintenance



Paul Reader, Partnerships Director
(Morgan Sindall Property Services)

Social housing is facing many challenges, and these drive change. The market has become squeezed, with the 1% rent reduction, reduced local authority budgets and the advent of Right to Buy for housing associations. Thus the current market for housing maintenance is characterised by an increased focus on cost efficiency, achieved by longer contract terms and big expectations of IT provision. Clients have had to adapt to achieve maximum value for money, and increasing numbers are turning to integrated service delivery as a solution.

There is an established trend in the repairs and maintenance market for clients to procure fully integrated asset management contracts, where every aspect of property maintenance is given to a single contractor to manage concurrently. These contracts offer a new freedom for clients and contractors to partner in different ways and to develop innovative practices.

The most important benefit of an integrated contract is the ability to make the right decision for any given property and customer. Interweaving planned, cyclical and responsive elements allows a contractor the agility to adapt their service provision best to meet the ever-changing needs of clients and customers. For instance, if a trend emerges for a particular UPVC window disproportionately needing repair, then if forecasted to be more economical, based on robust data analysis, a planned replacement programme can be swiftly designed and implemented. By predicting and acting rapidly, this makes the service proactive, rather than reactive – saving the client considerable expenditure.

Data, Data, Data

Integrated contracts are built on data. The key to exploiting the efficiencies that such contracts offer is collecting, quantifying and analysing as much data as possible. As such, the central pillar of successful integrated contracts is a sound asset condition database, which holds exhaustive information about each property, organised in a structured and accessible way. We build our databases around a cascading structure, which subdivides property data into individual rooms, assets and components.

To improve integration further, it is vital to be as holistic as possible in identifying the different types of data that can be linked. Rather than limiting data to “bricks and mortar”, if databases can encompass, for example, resident information, and link this meaningfully to the traditional asset condition database, then the possibilities for data-driven service improvements are considerable.

“Clients have had to adapt to achieve maximum value for money, and increasing numbers are turning to integrated service delivery as a solution.”

Redefining roles

To change significantly the way we undertake maintenance, we need to rethink the traditional silo trade and management roles. The ultimate, unchanging constant for any contract is the resident. Therefore, re-orientating roles around their needs makes sense for an integrated contract. For instance, for our recently won contract with Basildon Borough Council, we employ a Customer Relationship Manager (CRM) to co-ordinate the day-to-day running of the contract. The CRM serves as a single, co-ordinating point for all work streams, with the aim of efficient logistical delivery of all services. This approach allows our supervisory staff to spend more time in the field, using their practical and customer care skills to resolve issues for the small proportion of orders that cause a large proportion of the problems.

Having integrated delivery also allows a contractor genuinely to offer residents a single point of contact. Single point access should not just mean a single phone number, but the ability for the scheduler to deal with anything the resident throws at them. Unless service delivery has an integrated structure from the top down, then all one is doing is hiding the divisions between work streams from the resident, rather than actually running things coherently.

In short, integrated asset management contracts are here to stay. With the right data infrastructure and a suitably flexible management model, they offer unrivalled opportunities to improve the way housing maintenance is delivered.

Legionella – are we getting it right?



Steve Mount, Managing Director (Steve Mount Associates Ltd.)
Director and trainer (Immerse Training Ltd.)

We know that *Legionella* bacteria in building water systems kill people. We also know that, under UK health and safety law, any organisation that provides residential accommodation has to comply with the laws and regulations. Although the health and Safety Executive (HSE) guidance was updated in 2013 and included a section “Residential accommodation: Landlords and shared premises”, the law has not changed. The National Housing Maintenance Forum (NHMF) has information on their website as to what is required from members in order to comply, but do we know how to comply effectively? The HSE, as regulators, can visit at any time and take action if things are not correct and in place.

If we look at the interpretation of the law which is laid out in the HSE approved code of practice (ACOP) for *Legionella* we are told that: “The ACOP describes preferred or recommended methods that can be used (or standards to be met) to comply with the Regulations and the duties imposed by the Health and Safety at Work etc Act 1974 (HSWA)”. So we know what we need to do and where to find the information.

It goes on to say that: “A suitable and sufficient assessment must be carried out to identify and assess the risk of exposure to legionella bacteria from work activities and water systems on the premises and any precautionary measures needed. The dutyholder must ensure that the person who carries out the risk assessment and provides advice on prevention and control of exposure must be competent to do so”.

This is one of the key areas where it can all go wrong. Evaluation of the competency of the risk assessors and consultants you may employ is crucial. Organisations will often use an outfit

“Evaluation of the competency of the risk assessors and consultants you may employ is crucial.”

they have worked with before or go for the cheapest option, but you need to ask yourself the question: would these people have the necessary experience, knowledge and training to stand up in front of a judge on my behalf and demonstrate that what they have done is correct?

Inadequate management, lack of training and poor communication are all contributory factors in outbreaks of Legionnaires’ disease. It is therefore important that the people involved in managing and assessing the risks and applying precautions are competent, trained and aware of their responsibilities.

All water systems require a risk assessment, but not all systems require elaborate control measures. A simple risk assessment may show that there are no real risks from legionella, but if there are, implementing appropriate measures will prevent or control these risks. The law requires simple, proportionate and practical actions to be taken, as well as periodic checks that any control measures are effective.

If you are a housing provider in control of numerous properties, the task of individually assessing and controlling any risks is impracticable and so using a proportionate strategy can be employed and used effectively.

The HSE and local authority inspectors do not proactively inspect domestic premises, nor do they ask for evidence that landlords have undertaken a risk assessment. However, if a resident were to contract Legionnaires’ disease then investigations would follow. Questions will be asked to determine where the resident contracted the disease and if it was identified that a resident had contracted Legionnaires’ disease from the water system in their home, the landlord would have to demonstrate to a court that they had fulfilled their legal duty. If you cannot do this you may be liable to prosecution and fines under the HSWA.

So it is important to assess and control the risks to avoid headlines like this:



The process does not need to incur huge immediate costs and Steve Mount Associates are often requested to provide a proportionate plan, acceptable to the regulators, which can be designed and implemented over a period of time to ensure your compliance and the safety of your residents.

Prevention is better than cure

Around 350,000 people are injured by contact with mains electricity every year, and roughly 20,000 fires were caused by electricity in 2014-15. When you consider those statistics, it is clear more needs to be done to improve electrical safety in the home.

The majority of homes in the private rental market were built before 1965 – and the social housing market stretches back even earlier. Given how technologically dependent today's society is and will become in the future, the need to improve electrical safety becomes even more apparent.

The issue is not that power consumption has increased in recent decades. In fact, this has actually gone down, due to factors such as the introduction of LED lighting and the use of more efficient electronic devices. Instead, safety concerns arise from the stress caused by the sheer number of new technologies being used that older electrical installations are not fully prepared for. To put this into context, when overall electrical installations were designed some 20 plus years ago, most consumer gadgets did not extend beyond kitchenware, television, clock radios and a hi-fi. To be confident that an electrical installation can continue to operate safely, the extent of the impact of new technology being used needs to be assessed.

Despite this, there is currently no direct legal requirement for private rented properties to have their electrical safety checked on a fixed regular basis; it is also not a requirement of the Landlord and Tenant Act 1985. With 4.4 million properties in the PRS in England alone, this means that tens of thousands of people, including the very young and the elderly, are possibly at risk at any given moment.

While tenants are likely to raise concerns with landlords if they notice unsafe electrics, a reactive approach to electrical safety is not ideal as it places the onus on solving, rather than preventing, problems. In Scotland, mandatory electrical safety checks by fully qualified electricians are required every five years. Reflecting this in the rest of the UK would put homes in line with the gas safety requirements, ensure that all sources of power are safe and functioning at optimum levels and reduce the number of fires, injuries and fatalities caused by electricity and by outdated, and in some cases unsafe, installations.

Introducing mandatory inspection does not even cost a large amount of money. We have worked out that it would cost £2.50 per month to bring this in, which is a relatively small sum when you consider the damage faulty electrics can wreak on properties - and the devastating impact they can have on the people involved. This type of five-yearly check, which demonstrates that landlords have sought to improve electrical safety, could also provide a net benefit for landlords, providers and housing associations, as it will reduce the risk of accidents, and may help with lowering insurance premiums.

The alternative – carrying on with the current approach and responding as and when a response is required – is not satisfactory. The accident and injury figures mentioned above suggest that this approach has not worked so far, and that change is required to significantly bring down the number of accidents and to improve electrical safety overall.

The Government recently committed to introducing new powers allowing it to set requirements for electrical safety in the PRS. This is potentially a positive development for millions of tenants, and the key will be now in developing the detail and achieving regulation. The ECA and ESF will continue to press the Government to ensure that their commitment to improving electrical safety is not watered down, and will take steps to help the industry prepare for what will be welcome changes ahead.



Steve Martin, Head of Specialist Groups (Electrical Contractors' Association)
Martyn Allen, Head of Electrotechnical Division (Electrical Safety First)

“To be confident that an electrical installation can continue to operate safely, the extent of the impact of new technology being used needs to be assessed.”

Keeping residents safe and healthy



Andrew Burke, Associate
(Rickaby Thompson
Associates, Energy and
Sustainability Consultants)

Keeping residents safe and healthy is a key objective for all social landlords. It is something they are committed to, but with constrained budgets and having to make efficiency savings, this is increasingly challenging. Yet it is essential to maintain the focus on residents because that is what social landlords are in business for. The new **NHMF Best Practice Guidance on Compliance** is designed to help organisations do exactly that. It has been written to help social landlords understand their legal responsibilities and what is required to comply. It signposts resources, particularly from the Health and Safety Executive (HSE) and the Northern Ireland equivalent (HSENI), to help landlords be compliant. Going forward, good practice case studies will help landlords focus their limited resources most effectively.

The basis of UK health and safety law is the Health and Safety at Work Act 1974, which sets out the general duties that landlords, among others, have towards employees and members of the public. These duties are qualified in the Act by the principle of: “so far as is reasonably practicable”, which ensures that a landlord does not have to take measures to avoid or reduce the risk if those measures are technically impossible, or if the time, trouble or cost of the measures would be grossly disproportionate to the risk. Risk assessment is the basis of UK health and safety legislation and HSE provides a clear explanation of how this should be carried out. It is vital that the social housing sector understands and adopts this because it enables landlords to focus on what is important for their organisation.

For effective risk assessment, landlords need to know both their residents and their stock. They need to be able to identify those residents most at risk and which properties present greater risks. This allows them to concentrate their limited and increasingly constrained resources



on managing the highest risks. Adopting this approach, in contrast to standardised checklists, enables landlords to be compliant as efficiently and effectively as possible. By targeting the problem areas, landlords will make the best use of their budgets to keep residents safe and healthy. Risk assessments are living documents that need to be kept up-to-date and should inform an organisation's maintenance and improvement priorities.

Risk assessments need to be documented, with the proposed actions and implementation recorded, in order to provide an audit trail as to how you have identified and managed them. Appropriate documentation enables asset managers to give account to boards, to residents and to Housing Regulators. It also offers help to those landlords operating in different local authorities, where there can be differences in interpretation about what is required by the local enforcement officers. The Primary Authority scheme was set up by Government to help provide consistency in the local interpretation and enforcement of legislation. Landlords are increasingly using the Primary Authority scheme. A good example relates to fire safety in extra care and supported housing, where a landlord works with a lead (primary) fire and rescue authority to establish a common approach to risk assessments and managing the risks in its stock. Those landlords are not only finding it clearer to understand how to be compliant, but also reducing their costs.

The NHMF commissioned this best practice guidance because it wants to set the standard for maintaining assets. It is intended that the “Best practice” section on its website will offer

“For effective risk assessment, landlords need to know both their residents and their stock. They need to be able to identify those residents most at risk and which properties present greater risks.”

a community of best practice through which the sector can help itself by sharing case studies, innovation and improvement. With landlords facing very similar challenges and constraints, the NHMF wants to help the sector understand how best and most efficiently and effectively to keep their residents safe and healthy. To realise this ambition, landlords need to stay involved by sharing good practice case studies, providing comments and asking questions.



Radian Build - Radian enters new home construction

With Government policy favouring the construction of starter homes as a means of satisfying developer planning obligations, and the removal of grant funding for affordable rented homes, housing associations will no longer be able to rely on s.106 and developer package deals to achieve affordable housing development. Furthermore, the design and build basis upon which affordable housing has been procured over the last 25 years, whilst relatively risk free, is also somewhat expensive. Acquiring our own land and building directly would reduce cost of supply and achieve better value for money, rather than paying for risk and profit to be taken by others.

With this in mind, the concept of constructing our own new build programme first came to light back in 2013. Our vision was to reduce costs whilst producing high-quality homes, with an improved hand-over service to our residents.

In January 2015, a well-established new build contractor based in Southampton ceased trading halfway through the construction of six houses and eight flats. This provided the perfect stepping stone for us to turn the concept of building our own homes into reality, and Radian Build was established.

Within 24 hours of the contractor ceasing work, we secured the site. Discussions began immediately as to how the work could be completed. We appointed key staff from the failed contractor and by using our own existing areas of expertise – including supply chains and back office functions – went on to complete the site of 14 homes within six months. Our track record of being opportunistic had served us well and provided a springboard for the development of Radian Build.

Since our first site in Southampton, we have gone on to complete eight homes in Petersfield and two chalet bungalows in Sunningdale near Windsor. Two further sites are in the pipeline, which will create a further five homes.

Without question, the main aim of Radian Build is to provide quality new builds which are good value for money. This is achieved by utilising all existing supply chains and sub-contract packages, tethered with our existing back-office staff and their wealth of experience. With a focus on price and a culture of challenge, we continue to make significant savings without affecting the quality of the build.

Our two completed sites are currently in the defects liability period and were both handed over with zero defects. All defects reported since occupation have been resolved within our existing responsive repairs service standards and we have experienced fewer defects compared to other sites completed by external contractors. Early evidence from these first two schemes demonstrates that Radian Build provides higher quality of construction, fewer defects at handover and a more responsive service to residents than external contractors.

Within our new build properties we have been able to ensure standardisation of components such as boilers, kitchens and locking mechanisms, therefore ensuring future repairs and maintenance issues can be addressed swiftly and efficiently and will improve our response times to residents.

We do not deploy our existing direct labour repairs and maintenance staff on new sites, rather we procure sub-contractor packages. We view new build as a different discipline, requiring different skill sets. However, we aim to develop more in-house capability if we can demonstrate improved value by doing so.



Peter Evans, Director of Technical Services (Radian Group)
Andrew Godwin, Head of Operations (Radian Group)

“Acquiring our own land and building directly would reduce cost of supply and achieve better value for money, rather than paying for risk and profit to be taken by others.”

A challenge for Radian Build will be to deliver good quality homes for market sale and shared ownership, but based on the number of enquiries we have received on our existing sites we feel very confident we could flourish in this market place. Our ambition is to grow Radian Build into a contractor capable of delivering a significant proportion of homes for our development programme, aiming to construct 150 houses per annum by 2020.

We are actively seeking new opportunities through the purchase of land for Radian Build to continue to deliver good quality homes to our residents for today and long into the future.

The goal of the NHMF Contractor Forum, which was established in 2012 to serve as the trade affiliation for contractors working on social housing, is to create more alignment between contractors, clients and sub-contractors. The Forum works with the National Housing Maintenance Forum (NHMF) to promote good practice in the procurement and management of repairs.

For many years the NHMF have had at least one contractor represented on their committee, making sure the contractors' perspective is represented in the development of the M3NHF Schedule of Rates and related products. The NHMF has also involved many contractors in training sessions and conferences to promote good practice. We thought there was more we could learn from contractors' experiences, and wanted to involve them at an earlier stage in consultation on development of the schedules and diagnostic systems that are now almost universally used by social housing providers.

The forum is chaired by Paul Reader from Morgan Sindall Property Services, with Neil Watts of Breyer Group, Chris Pritchard of CLC Contractors and Keith Stone of Jones Group as deputy chairs, and Liz Circuit as secretary. It is serviced by M3 who also service the NHMF.

There are many benefits to being a member of the Forum, some of which include:

- participation in Contractor Forum meetings
- opportunity to shape the development of products and services that are widely used in the sector
- copies of the *NHMF Bulletin*
- up-to-date information about the development of products, services, seminars and conferences under the NHMF banner

Any contractors interested in joining the forum should complete the NHMF Contractor Forum membership form, which can be found on the website www.nhmf.co.uk/contractor. Meetings are open to all subscribing members of the NHMF Contractor Forum.

www.nhmf.co.uk/contractor

NHMF Contractor Forum committee



Chair:
Paul Reader
Morgan Sindall
Property Services



Deputy Chair:
Neil Watts
Breyer Group



Deputy Chair:
Chris Pritchard
CLC Contractors



Deputy Chair:
Keith Stone
Jones Group



Secretary:
Liz Circuit
M3

Unlock the full potential of your asset portfolio



Mark Astbury, Partner – Property Consultancy (Ridge and Partners LLP)

I joined Ridge and Partners in 2002 from the commercial sector at the height of the housing stock options appraisal process. At that time, housing providers were heavily involved in the procurement of sample stock surveys, the preparation of 30-year cost plans and the completion of various financial models. The primary driver for investment was the Decent Homes Standard.

Having come from a commercial background, there were striking similarities between that sector and social housing in terms of the questions to be considered prior to such substantial investment, such as:

1. What assets do we own/manage?
2. Why are these assets important to the business?
3. How much is required to manage these assets?
4. When is investment required over the next 30 years?
5. Who is responsible for planning and undertaking these investment works?
6. What is the return or improvement in performance as a result of this investment?

At that time in the social housing sector, some of these questions were answered, albeit in part, and others were not considered at all, notably question six. This was reflective of an asset maintenance approach rather than a more holistic asset management perspective. Decent Homes and the associated investment saw money spent on elemental renewals and other improvement works, but often without regard to how this was actually going to improve asset performance. Whereas a commercial organisation would want to know its return on investment before committing expenditure, in social housing we were sometimes missing that vital step and instances of spending on poor performers were commonplace.

More recent developments, notably the Budget in July 2015, brought asset management into sharp focus. Steps were needed to accommodate an unexpected reduction in rental income for the next four years. As a result, we have been undertaking more cost and business plan reviews and utilising our models to ensure that investment is being properly directed to improve assets, because we must ensure we operate as sustainable businesses.

In undertaking the assessment of asset performance we have always been and are still reliant on robust housing stock data. Despite sample

“In undertaking the assessment of asset performance we have always been and are still reliant on robust housing stock data.”

surveys being undertaken and strategies being compiled stating the adoption of a best practice to undertaking at least 20% stock surveys per annum, a lack of quality data in the sector is still commonplace today. Poor quality data used in any performance model only results in flawed assessments and clearly is not the basis of effective asset management. Data requirements have evolved and this needs careful consideration in terms of the survey form design and information that can be held within an asset management database. Previously many clients had surveys undertaken that collated data on components (date of installation, age, remaining life, cost, etc.), but now having moved away from a Decent-Homes-focused environment, we need information that informs a more holistic asset management approach. Also, in the past, many categories of business plans were “provisional” and in many cases works were not carried out, leading to inaccurate data. Successful investment requires accurate data on issues such as structural repairs, improvements, estate works, complex M&E and related assets.

In summary, we are moving as a sector from asset maintenance to embracing more effective asset management, however the underlying data requirements are still critical and asset improvement can only be determined with reference to robust information. We are assisting many clients with achieving this goal and in better understanding asset performance and investment priorities.

Payment notices



Andrew Millross, Partner (Anthony Collins Solicitors LLP)

Payment disputes are on the increase and there has been a recent run of payment cases in the Technology and Construction Court. One of the reasons for this is the complexity of the legislation, with 30-day payment provisions and VAT requirements being overlaid on complicated (and amended) Construction Act¹ payment provisions.

“Payment needs to be made by the ‘final date for payment’. A pay less notice has to be served a set period before this final date for payment, otherwise it is invalid.”

What does the Construction Act actually say?

Applications for payment

While the Construction Act doesn't mention applications for payment, most of the standard contracts require them.

It is important to get them right because, if the Employer (or their agent/contract administrator) doesn't issue a payment notice, the application can become the payment notice. According to the case law, this will apply only if the application:

- is clearly a payment application (and not just, for example, a spreadsheet listing prices for work done)
- is clear about the due date
- is not made early or substantially late – unless the Employer has agreed to this
- states unambiguously the total amount due and basis of calculation

Payment notices

At the heart of the Construction Act payment provisions is the need for a “payment notice”. Depending on what the contract says, this may be served by the Employer, a “specified person” (eg contract administrator) or the Contractor. A payment notice must:

- be given “no later than five days after the payment due date”
- state the sum considered due on the payment due date
- state the basis on which that sum is calculated

Just raising queries on the Contractor's application for payment is not sufficient. The Employer must issue a payment notice stating the amount due (excluding any amounts that are legitimately being queried).

Final date for payment and pay less notices

The Employer must pay the full amount stated in a valid payment notice, unless the Employer serves a “pay less notice” (stating the amount the Employer thinks is payable when they serve the notice, and the basis on which that amount is calculated).

Payment needs to be made by the “final date for payment”. A pay less notice has to be served a set period before this final date for payment, otherwise it is invalid.

If the Employer fails to issue a pay less notice, they cannot go to adjudication over the amount due under that application, as they are treated as having agreed the amount in the payment

notice through not serving a pay less notice. The only circumstances in which the court will uphold a refusal to pay is if the payment notice was invalid or the Contractor is insolvent.

Employers' options if a pay less notice has not been served

All may not be lost, however, if a pay less notice is not served in time. This is because, although the full amount stated in the payment notice has to be paid, it is usually possible to recoup overpayments from future payments under the contract (although some care may be needed here over what the contract says about interest, if anything).

Under most standard forms (including both term and project contracts), payments are cumulative, with each amount being the total due since the start of the contract, less all payments made. This enables overpayments to be deducted from future payments. It is helpful to amend standard contracts to allow for a “negative payment”, but it is usually possible to have a “negative final account”, if necessary.

If the Employer fails to serve a pay less notice against the final account (but not an interim account), it is also possible to adjudicate the final account to determine the “amount due”.

Practical pointers

Contractors should ensure that their applications for payment comply with the case law on payment notices. Prompt applications should mean prompt payment. Invoices should be “verified promptly” and payments made within 30 days of their being “valid and undisputed”.

Employers should issue payment notices on time (and not just query applications). An Employer intending to pay less than the payment notice amount should serve a valid pay less notice on time. Amounts claimed should be checked against completed works and overpayments corrected promptly against future applications.

1.Housing Grants, Construction and Regeneration Act 1996 as amended by the Local Democracy, Economic Development and Construction Act 2011



Ross Hayes, Project Manager
(Anthony Collins Solicitors LLP)

Contract administration –

Contracts need to be administered and managed. But who does it, how is it done and do we do too much or too little? How can it help us, and how can poor administration cause problems? This article looks at these questions.

It is important to understand that different forms of contract approach the administration of the contract in different ways. The principles are the same but the detail and extent of responsibilities are different. So we start by recognising the contract we are working to, be it the NHMF Schedule of Rates (NHF), the ACA Term Partnering Contract (TPC), the NEC Term Services Contract (TSC) or the JCT Measured Term Contract (JCT).

What can go wrong?

There is always pressure to keep administration and its cost to a minimum. To balance this you need to consider what may go wrong if appropriate levels of administration are not undertaken. Too much may be an overload of administration caused by the parties playing “contractual games” and losing sight of what is appropriate; too little gives a loss of financial control, or at worst disputes with no adequate substantiation available.

Three common reasons why we get it wrong are:

- There is a perception that applying all the contract procedures strictly – giving the notices, providing early warnings, maintaining comprehensive audit trails – is being contractual or contentious. There should never be the pressure from either party that the other is being contentious merely by following contract procedures.
- The administration is not undertaken because of lack of resources. Whilst in one sense it is an overhead, in another it is a vital part of the work. Contracts need managing, and this requires resources.
- There is a lack of understanding of what is expected. This may be historical: “We never needed this before and we never had a problem”. Or, it may be lack of training or knowledge – a TSC has many more management procedures built into it than, say, a TPC.

Just to demonstrate the differences in contract forms, when considering subcontractors, does the contract require the contractor to seek approval to subcontract at all, then approval of the subcontractor and then the subcontractor’s terms and conditions? Some contracts require all three, other do not. It’s important to know your contract.

“You need to understand the procedures for managing change in your contract.”

Who - roles and responsibilities

Who has what power or authority under the contract? The client/employer will have an administrator to administer and manage the contract on their behalf, for example, a client representative (NHF) or service manager (NEC). Their authority is as stated in the contract – it is probably fair to say that a service manager in the NEC has more authority than a contract administrator under the JCT. They may well delegate these powers – is this clear, is it stated, and does the contractor know what the delegated powers are?

Similarly, the contractor will have a designated contract manager. Has this role been delegated, to whom, and how much?

What is involved?

Whatever the contract form, the administration will cover the same elements. The contract manages the processes of instructing work, managing variation and change, understanding payment and forecast cost, measuring quality, responding to defective work, and responding to programming and planning needs. It may also positively encourage collaboration between the parties.

Instructing work

How does your contract let you instruct work, and who can do it? Does your contract allow oral instructions and how will they be managed? The NHF does, the NEC does not. Does your specification, which says you can give emergency oral instructions, contradict your contract which says you cannot? And what is the contractual validity of a call centre instruction?

Variation and change

You need to understand the procedures for managing change in your

what's involved and why bother?

contract. Does the contract allow the contractor to self-authorise variation to a cap, and what must be provided to substantiate this? How is variation above this managed? Price per property contracts will be very different here.

What quotation procedure is in place? Can the contract administrator ask for "what if" type quotations? Are there any triggers to these quotations (such as a change to the client's Void Lettable Standard as in the NHF)?

When paying for change, is there any distinction made between events that give extensions of time but no increase in price, and events that get both (in the NHF there are, in the NEC there are not).

Payment and forecast cost procedures

How are the payment and cost/price forecasting procedures managed? You need a payment procedure that is appropriate to the complexity of the work and also provides the contractor with prompt payment and predictable cash flow. You need to understand your responsibilities (does the contractor raise an invoice or the contract administrator make an assessment?) and you also need to check it is being followed. What are the procedures for interim and final account?

You need a forecasting procedure that provides the client with an accurate forecast of outturn cost. Cost overruns need managing but if you do not know the cause you cannot manage the problem. The causes may be inadequate budgets, over-specification, overpayment or variations.

Defective work

How do we manage defects and defective work? The contract administration needs to identify any defects, have a process to advise

“How are the payment and cost/price forecasting procedures managed? You need a payment procedure that is appropriate to the complexity of the work and also provides the contractor with prompt payment and predictable cash flow.”

the contractor of them, check they are corrected and manage the financial implications. It also needs a clear distinction between defects, "fair wear and tear" and vandalism because the

payment process will depend on this.

But more, we need the information to identify trends and decide when we need any remedial plans to prevent future defects.

Planning and programming

The requirement for planning and programming differs considerably across different forms, from the NHF where there are no specific provisions in the Voids and Responsive Repairs contract to the TSC where there is a full requirement for a "plan" for the service and a "programme" for any specific mini-project or task.

Collaboration

One particular aspect of working together is the early warning process – a "no fault" procedure where either party advises the other of something which may cause problems if it occurs. This needs managing well to gain the full benefit, but recognise that while the NHF, TPC and TSC contracts have this procedure, the JCT only has an early warning of disputes – not the same thing and not a collaborative procedure.

Why do we need (good) administration?

So good administration:

- ensures everyone knows who does what
- ensures everyone knows what has been done
- supports good financial management
- identifies good and bad practice and good and bad management
- develops consistency which leads to efficiency

Good administration is appropriate and essential. Perhaps that's why we bother!

NHMF study tour 2015 – Denmark and Sweden

Each year the NHMF study tour offers delegates an opportunity to consider a particular social housing issue reflected in projects in the UK or Europe. The overall aim of the tour is to exchange information. In October 2015 we visited Copenhagen in Denmark, and Malmö in Sweden to see practical examples of resident involvement in estate management.

Day one began with a presentation at the Danish National Federation (BL). We learnt the key differences in the way social housing operates in Denmark compared to the UK. Tenants play a central, democratic role in running housing estates and housing associations. They are elected to the Estate Boards instrumental in making key decisions about how their communities are run. The National Building Fund finances refurbishment projects and would not sanction any project without clear evidence of resident involvement.



Our first site visit was to Glostrup Housing Association's 1200-unit estate, 16 kilometres west of Copenhagen, where we saw the results of resident participation in a long and rigorous process of funding negotiation. The works included new kitchens, bathrooms, windows and the amalgamation of some smaller units into two bedroom apartments. The standard of renovation was high and the apartments were spacious. Tenants had considerable input to the project and were able to view a mock-up of an upgraded apartment in order to comment on and agree to changes to the design before works commenced. We were able to see properties before, after and during the renovation works. We were astonished at how much of the work took place with residents in situ, which was an indication of their involvement and understanding of the finances of the project. Noteworthy was the absence of graffiti, litter and the fact that bicycles were parked unlocked throughout the estate. An on-site handymen helps with common repairs and also supports teenagers by offering holiday work and a point of contact for resolving problems. There was great interest in the equipment used for working at



“Our first site visit was to Glostrup Housing Association's 1200-unit estate, 16 kilometres west of Copenhagen, where we saw the results of resident participation in a long and rigorous process of funding negotiation.”

height which looked as if it would both save costs and overcome many of the problems commonly experienced around scaffolding tower blocks.

We then visited the suburb of Albertslund on the western outskirts of Copenhagen. The people here have low incomes, poor education, and high levels of unemployment. A regeneration project, expected to take 10 years and cost £150 million, is being carried out under a masterplan drawn up by six housing organisations together with the municipality and the local heating company that provides district wide heating to all the properties.

We were invited into the refurbished home of one resident who explained how tenants were involved from the start, some even participating in discussions as far back as 20 years ago. Over the course of the project, there had been open meetings and smaller focus groups examining every aspect, including the implications for rents and how the project would be financed. Everything had to be approved by the tenants, and then by the board of their housing association, then the municipality who helped to fund the project and guarantee the loans, and finally the National Building Fund.

Our host showed us the many new features she valued in her home which was spacious, bright and airy. She was very pleased to be able to remain in the neighbourhood where she had lived for 40 years. She felt that the slightly increased rent she now paid was very good value as her fuel bills were significantly less and her home was vastly improved. The property had been virtually rebuilt and our UK visitors found it hard to imagine being able to secure funding for such a project but the results were astonishingly good.

A key feature of both the Danish estates we visited was the extent to which tenants were involved right down to the smallest detail in design. The tenants owned the choices that were made and were fully involved in financial decisions including the inevitable compromises.





Early the next day we crossed the spectacular eight-kilometre, Öresund Bridge from Copenhagen to Malmö to visit Rosenborg and the Eco-City of Augustenborg. In Sweden, those in need are financially supported with housing benefit, but the state does not provide social housing in the same way as in Denmark and the UK.

Malmö is best known for its Western Harbour project of new build homes resulting from an architectural competition, and for the eco refurbishment of a housing estate of 1,600 properties where the residents were very involved in the physical transformation of the infrastructure and buildings. The majority of them stayed and continued their tenancies.

Originally built in the 1950s, as part of the government's million home initiative to eradicate housing shortages, the properties were poorly constructed, and over the years the estates became less desirable. The closure of local heavy industry resulted in high levels of unemployment. Anyone who could afford to moved out, and many apartments were left empty. This situation was exacerbated by the city encouraging some of the poorest to move in to take advantage of the low rents. The estates housed a high proportion of immigrant families and low-income households. It also received bad press with frequent stories of crime and anti-social behaviour.

The project was ambitious, setting out to transform an area of deprivation into an excellent example of sustainable living. In 2010 it was recognised as such, when Ekostaden Augustenborg won a World Habitat Award from the United Nations for its urban renewal and environmental improvements. Today, there is little evidence of this unhappy past. A combination of government, top down programmes, and resident-led, bottom up initiatives has created an interesting and rejuvenated area. It is worth looking up the detail of the project, which Louise Lundberg outlined when she opened the 2016 NHMF Maintenance Conference.



The final stop took us back to Freetown Christiania, a self-proclaimed autonomous neighbourhood in the centre of Copenhagen, which is an extreme example of resident estate management.

Freetown Christiania is a former army base that covers 22 hectares with 170 buildings, some of which date back to the 19th century, and include barrack blocks, officers' quarters, munitions factories and horse stables.

The army left in 1971, and gradually people began to move in to occupy the site, creating a hippy commune and declaring the area an "autonomous freetown". Today it houses 650 adults and more than 200 children.

“Malmö is best known for its Western Harbour project of new build homes resulting from an architectural competition, and for the eco refurbishment of a housing estate of 1,600 properties where the residents were very involved in the physical transformation of the infrastructure and buildings.”

After a lunchtime talk we divided into small groups for tours of the site by resident guides. We were given different perspectives on the history and the life of the community. Over the years there have been several legal wrangles between the government and residents. While the exact legal status of the settlement has still not been definitively established, practicalities are regularly negotiated between a "contact group" representing the freetown and various municipal and state bodies. The government has tried to "normalise" Christiania and wants people to own the properties, while those living there are determined to run it in their own more anti-establishment way. The municipality sees them as squatters who have stolen the area from them, and in some ways they are right.

The contact group has become adept at negotiating and resolving issues. Sometimes it is the city that learns from the freetown, and both sides make compromises. The buildings are now owned by a Christiania Foundation and the occupants are responsible for their own homes, on which they pay rent. In one way it is like a very large housing cooperative and in another more like a commune. Important decisions affecting the town are made by consensus at Community Meetings open to anyone living or working there.



The 2016 NHMF study tour plans to visit Ireland 12-14 October, see NHMF.co.uk for details and to book.

Disputes: how to avoid or resolve them as painlessly as possible



Andrew Lancaster,
Partner (Anthony Collins
Solicitors LLP)

Where there is a maintenance contract difficulties will inevitably arise. It is therefore wise to be aware of the common causes, and how these can be managed before they escalate. In over 20 years of advising the sector, I have found that it is extremely rare for disputes to end up in costly and protracted litigation. This is because there are now more tools than ever available to address disputes quickly and cost effectively. I will touch on a few of these in this article.

First things first, what are the warning signs of problems on the horizon? Early indicators that trouble is brewing include:

- unfulfilled promises
- complaints from other members of the project team
- delays in responses
- aggressive or delayed invoicing
- staff turnover
- quality deterioration
- customer complaints

Often as a result of these and other issues, employers will begin to see inadequate service, cost problems, a breakdown of relationships and sometimes regulatory or audit failure. It is important to understand the reasons for the difficulties and to use the contract management tools available to prevent these difficulties from escalating into serious disputes.

Understanding the reasons

You will need to consider the cause of the difficulties from your own perspective, and from the perspective of the other parties involved. Many problems can arise from unclear objectives, unrealistic expectations or programmes, unsustainable pricing structures and inadequate operational staff resources (both in numbers and quality). These often lead

to a failure in managing change and variations under the contract and to poor service delivery. Poor communication is also often at the heart of problems that have escalated unnecessarily.

Know the contract and your remedies

Do you know what contractual tools are available to address difficulties when they arise? Does the Client Representative know what they can and cannot do by way of service of notices and use of the Core Group?

Some of the key areas to be aware of in the M3NHF Schedule of Rates Form of Contract 2011 are the following:

- Use of Core Group to discuss and resolve issues at an early stage is an available option. But be aware that Core Group decisions must be unanimous, which can be difficult to achieve if relationships have deteriorated.
- Core Groups can be particularly effective in addressing the real issues between parties. It is vital that minutes are taken which accurately reflect the problems and any actions agreed by the parties, including which party is responsible for carrying out which action and the deadline for doing so.
- The parties are obligated to issue Early Warning Notices, and to attend risk reduction meetings.
- Requirements exist for service of notices for payment, default or termination, and monitoring of KPIs.

Dispute resolution options

Where disputes cannot be avoided, the NHF SoRs contract provides a dispute escalation procedure (clause 15), which is designed to help the parties to achieve a negotiated resolution. If the dispute escalation procedure is unsuccessful, the parties can seek to determine the dispute through various formal processes including adjudication, expert determination, arbitration or litigation and mediation. Advice

Procurement and contract management



“Many problems can arise from unclear objectives, unrealistic expectations or programmes, unsustainable pricing structures and inadequate operational staff resources (both in numbers and quality).”

needs to be taken at an early stage as to which process to use and to ensure that you are well prepared to defend any actions that may be sprung upon you at short notice. Mediation is often a highly effective process when other attempts at resolution have failed.

Reducing the risk of disputes

Proactive contract management can reduce the risk of disputes escalating. Here are my top tips:

1. Know your contract procedures and apply them in a timely way.
2. Maintain a professional relationship with all parties.
3. Ensure meeting minutes accurately reflect discussions.
4. Keep documentation up to date.
5. Consider the implications of changes and variations before they are made, and ensure they are recorded in writing.

“Heat or eat?”... solving the conundrum

Procurement and contract management



Richard Brooks, Partner
(Anthony Collins Solicitors LLP)

“The value of your investments may go up or down” is the phrase that adverts for financial services use to highlight market risks. However, the risk on most investments is straightforward compared to the complex problem of trying to solve the “heat or eat” conundrum many social housing residents face. When you combine the variations in energy prices, the reductions in the feed-in tariff for solar energy and the fluctuating measures and value of energy company obligation (ECO) to reduce carbon emissions, it is a wonder that much retrofit or microgeneration has been carried out at all.

“Be flexible about your approach. If you do decide that running your own procurement process is the way forward, use language in the OJEU contract notice, and any other adverts, which does not later constrain the route you take.”

The dreamy answer

One solution would be to count the whole benefit to the economy gained from helping people to live in homes which are adequately heated. This includes the value of:

- NHS savings from not having to treat people with respiratory diseases caused by damp, underheated homes
- higher levels of employment as a result of better standards of health
- greater education levels through children being able to study and learn in a decent home environment

Taking these benefits into account, any retrofit or microgeneration measure would pay for itself. But unless and until the relevant agencies, local authorities and government departments decide to work together and share financial responsibility, it will be left to social housing providers to make progress alone.

The practical answer

Here are some ideas for delivering projects in order to make progress to relieve fuel poverty and change lives:

- Get a level of buy in on reducing fuel poverty within your organisation, which would enable you to act quickly when an opportunity arises. Having a senior management team, board or members that are already signed up to the concept and practice of relieving fuel poverty means that faster, better-informed decision making is more likely. Often in this market, the faster you move on specific opportunities (for example to take advantage of higher carbon prices or the Renewable Heat Incentive subsidy), the more likely that a project happens at all or ends up being successful.
- Have some ideas about how you can implement retrofit or microgeneration projects quickly. If you are slow in procurement (i.e. spend 12 months on an OJEU process), the opportunity is likely to have evaporated or changed before you sign contracts. Maintaining a watching brief on the available retrofit frameworks; creating your own “greening” flexible framework; or simply having a good understanding of the threshold values and aggregation rules to see what actually needs to be advertised under the EU procurement rules – any or all of these measures help enormously.
- Be flexible about your approach. If you do decide that running your own procurement process is the way forward, use language in the OJEU contract notice, and any other adverts, which does not later constrain the route you take. Ensure your award criteria are set up to analyse a wide range of tenders.
- Try to pass on some risks to other investors. Energy performance contracting (EPC) is slowly increasing in popularity with schemes being offered for everything from low energy lighting to communal heating. EPC involves paying for energy-saving measures out of money saved through reductions in bills. These schemes can be contractually complex, particularly where tenants are involved, and you need to be certain who is taking what risk. You should also be aware that some EPC deals could be classified as taking a loan which can breach the terms of other lending facilities. There are good deals around, but they will need to be negotiated to suit your particular needs.

In summary, cooperating with government agencies, the health service and local authorities is the best way to build a case around retrofit, but perhaps not the most practical method to deliver anything quickly. The practical way forward is to build consensus around tackling this agenda within your organisation, and to move quickly to take advantage of fast-changing opportunities.

NHMF best practice award winners 2016



Best client

Winner: Trent & Dove Housing/Kensa Heat Pumps

Installing greener, more affordable heating systems

Kensa Heat Pumps installed ground source heat pumps of our manufacture in 30% of Trent & Dove's off-gas homes. These 133 units that we installed are connected to a "micro" district heating system and replaced less-efficient and expensive night storage heaters. This "micro ground source heat network" is the first installation of its kind registered with Ofgem under the Non Domestic RHI. This project offers a clear blueprint for future installations. This innovative and cost-effective solution allows Trent & Dove to have the ability to take control of and transform the future of their local community through the benefits of a greener, more affordable heating system. This system also provides a guaranteed annual return – energy modelling suggested an average annual energy cost saving of over £50,000 per year, at an average of £390 per resident – which can then be re-invested in the community.

Judges' comment - This project demonstrates considerable energy savings for tenants. It has the potential to be replicated for schemes and estates which are off-grid. Well done on taking the risk.



Best small client & Project of the year

Winner: King Street Housing/Morgan Sindall Property Services

Partnership brings more efficient asset management

King Street Housing Society, in an effort to ensure that our repair services were delivering value for money, sought to create an innovative approach to asset management. By partnering with larger organisation Morgan Sindall Property Services, we were able to utilise their infrastructure to develop a brand new asset management model known as PropertyCare. PropertyCare involves using smarter business processes, such as our 60-point home check, as well as state-of-the-art technology to intelligently capture asset and customer data, allowing us to remotely manage the maintenance of domestic boilers. This approach effectively drives down responsive repairs by enabling a more proactive/preventative approach. The project is exceeding all expectations in terms of quality, efficiency and customer service, and will enable King Street Housing to invest in more planned maintenance works to the benefit of residents. Morgan Sindall considers this a fantastic opportunity to use this model in the small housing association sector.

Judges' comment - It's great that they are making use of a large contractor and their infrastructure in order to deliver this service. This approach has the potential to offer many financial benefits.



Best contract

Winner: Radian Group

Completing a bankrupt site using in-house expertise

When a new build contractor ceased trading halfway through construction of six houses and eight flats in Southampton, Radian Technical Services, who operates a sizable in-house maintenance service, adapted to the situation and took the site on through to completion. We responded within 24 hours of the contractor stopping work by securing the site, making it safe and dealing with sub-contractors, creditors and debtors. Unlike other local housing associations – whose failure to react caused their sites to remain dormant for nearly a year – we were able to apply some of our existing areas of expertise, including supply chains and back-office functions, to the discipline of new build. In the process, we not only completed the scheme, we also added a new function to our pre-existing infrastructure, to the benefit of colleagues, the company and residents of the local area. This innovation has provided a sound springboard for future schemes.

Judges' comment - Good solution to a bad situation, which has grown into a real positive. This project shows plenty of scope for learning, replication and expansion throughout the sector.

Most improved asset management service

Winner: Laker/Friendship Care and Housing

Contractor and housing association team up

Laker and Friendship Care and Housing have formed a partnership that is beneficial to both organisations and also to customers. We believe that our collaboration showcases how two organisations, HA and contractor, can work together and, with customer involvement, manage to create a bespoke, fit-for-purpose delivery style that saves money and adds value, without ever compromising quality or customer service. Our innovative partnership has produced changes in management structure and streamlined processes for both organisations, which have resulted in increased productivity and generated an approximate saving of £150,000. For example, co-locating our staff reduced cost while also delivering multiple additional benefits, such as improved communication processes and cohesion between teams. By working together to serve over 3,600 homes and customers for the last four years, we have been able to provide more efficient repairs, enhance customer satisfaction levels and widen social value targets.

Judges' comment - Good to see some figures on cost savings, with four years of cost data to support the view of the project.



Best customer impact

Winner: Rosebery Housing Association

Innovative tactics resurrect housing scheme

In 2009, we had been granted planning consent to build a new sheltered housing scheme on the West Hill Court site, which, due to the financial and property crises of 2008-09, was effectively mothballed for five years – losing Rosebery money and depriving residents of housing. Our solution was to innovatively combine imaginative design and a “best-value” approach to procurement – enabling us to increase the size of the property by two units within the existing building. We disposed of two other sites and used the proceeds to refurbish the West Hill Court building into 33 high-quality temporary accommodation flats for those in desperate need. Plus, by managing the refurbishment in-house, we were able to reconfigure an office into two additional one-bed flats. The complete site refurbishment was delivered at £48,500 per unit, against an approved budget of £61,300 per unit – providing value for money and a very cost-effective scheme.

Judges' comment - This was a creative approach to solve a “problem” scheme, with clear auditable outcomes and a range of benefits. It produced savings for the local community and a great scheme, delivered in-house.



**2016
AWARDS**

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Entering for the awards is a great way of focusing attention on what you do best. It is good for the morale of your maintenance teams and promotes the work of your organisation. Sharing your projects contributes to the knowledge base created by the NHMF.

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Two elephants in the room

Peter Rickaby,

Director (Rickaby Thompson Associates,
Energy and Sustainability Consultants)



Whenever I discuss housing investment plans, there seem to be two elephants in the room. The first is fuel poverty, which features in most organisations' corporate statements of social purpose, and is critical to the health and well-being of residents. But dealing with fuel poverty requires a long view, and is difficult to grip, so it is rarely a key investment driver. The second elephant is climate change, arguably the most serious challenge facing society, which never features in housing strategies. This is probably because a proper response requires eye-watering levels of investment – so we choose to ignore it instead.

These elephants pose three questions: What is the point of an investment plan that will not deliver affordable warmth in 2025 or 2030? What is the point of an investment plan that does not address fuel use, fuel costs, and carbon dioxide emissions? What is the point of investment planning that ignores housing's two biggest liabilities and its key stakeholder – the residents?

The problem is that asset managers are emerging from the Decent Homes tunnel, blinking in the sunlight, to discover that the tracks have been removed. Instead we have the uncertainties of privatisation, deregulation, rent reduction and the right to buy. For the foreseeable future housing organisations must define their objectives, set their own directions and fund their investments themselves – and strategies should express social purpose. Investment plans based on elemental lifecycles estimated via condition surveys are not good enough; neither is chasing ECO money without a coherent fuel poverty strategy.

Some have already confronted the first elephant, identified fuel poverty as a key driver, and are re-shaping their strategies accordingly. New tools are emerging to support this. The housing stock energy studies that many organisations are undertaking, for instance. As well as the affordable warmth matrix, developed originally for Harlow Council (whose housing investment delivery and project management is out-sourced to Savills).

The purpose of a housing stock energy study is to illuminate the scale of the problem and help to

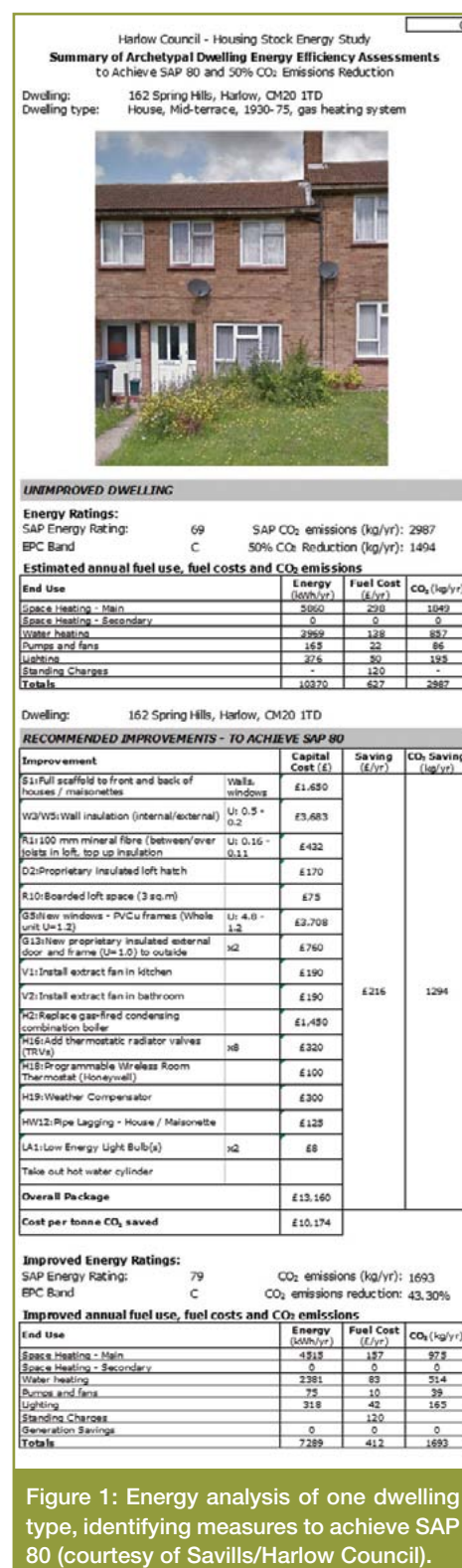
set a direction. The aim is to establish the scope and cost of work required to bring the whole stock to appropriate affordable warmth and emissions reduction standards. Stock profiles based on low-precision data can define KPIs and identify the worst-performing dwellings. Detailed analysis of dwelling types, using Full SAP data derived from EPC assessments, can establish medium-term improvement plans: what needs to be done and what it will cost (Figure 1). Scaling up to stock level indicates the investment required, broken down by dwelling types and by measures.

The affordable warmth matrix builds on the housing stock energy study by tabulating household types (with “worst case” incomes derived from benefits) against dwelling types (with estimated fuel costs for each household type, calculated using BREDEM). Combinations of households and dwelling types that result in fuel poverty (using the 10% definition or the “Hills” LHC definition) are quickly identified, and the analysis can be projected to 2030 using official predictions of fuel prices and benefit levels.

Using these tools has helped Harlow Council to identify the dwellings that are least likely to provide affordable warmth, and to prioritise them for improvement. They show that if the stock can be improved to SAP 80 by 2030 (although at present the Council cannot afford to do this), fuel poverty would be eliminated, residents would save £2.25 million per year in fuel costs (£252 per year per dwelling) and carbon dioxide emissions would be reduced by over 13,000 tonnes per year (47%). The Council's emerging strategy links property and people, prioritises initiatives that alleviate fuel poverty and has re-energised their investment programme.

Decent Homes looked challenging in 2004, but the housing industry re-structured, re-financed and (mostly) delivered. The elephants' twin challenges of fuel poverty and climate change are bigger, but not insurmountable. The tools to re-shape investment plans in response are already available.

For more information and guidance about this topic, see the **Fuel Savings Improvements best practice guidance** now available on the NHMF website.



Solid Wall Insulation - Getting it right?

Energy efficiency



Charlie Baker, Design Director
(Red Co-operative Limited)

I would guess most of you are not even thinking about External Wall Insulation (EWI) at the moment given the current "climate" we find ourselves in. This should not be the case. Now is a great moment to take stock and put a good plan together. We have all heard the scary tales of 75% underperformance on the predicted outcomes of EWI installations and the compounding problems associated with damp and retained moisture. The simple truth is that you are much less likely to get problems with any building work if you begin with a coherent plan. However, it is the nature of that planning that is key.

Every home is unique, rdSAP attempts to approximate around this. There are now tools to help with this, giving an energy performance calculated for that building with a suite of measures tailored to it. You can then do a credible cost-value analysis with more reliable savings, not deploying expensive measures for minimal gain. Parity Projects (www.parityprojects.com) have established themselves as a leader in this field.

It also allows modelling of the energy performance of individual elements of the building. This might show for example Passivhaus windows to be more expensive

than upgrading the wall insulation. But the latter may be cheaper per Watt hour saved. In research in West Midlands and Greater Manchester a U-value of 0.2 W/m².°K instead of 0.3 W/m².°K has been shown to future-proof retrofit and balance the energy performance of each element more effectively, which can only be achieved with EWI.

The other side of the performance gap is the quality of the works. Firstly, there is the choice of insulation build up itself, and secondly, how it joins the adjacent elements. Both of these not only affect the accuracy of above calculations, they also have an effect on how your building performs afterwards.

Work done by Nick Heath (www.ndmheath.co.uk) has suggested that there was a significant rise in reported damp in dwellings studied after retrofit. Choice of insulant is one of the probable causes of this. If the building to which you are applying EWI has been used to a certain small amount of water making its way through vapour-permeable wall construction and you wrap it in a plastic bag, the diagram of what happens to your sandwiches is not wholly wrong. While better ventilation can help with this, fuel poverty means this can't be relied on.

Then there are the junctions - rdSAP has no option to add in cold bridging values and yet

“The simple truth is that you are much less likely to get problems with any building work if you begin with a coherent plan. However, it is the nature of that planning that is key.”

this can make about 15% difference in the future performance of the building. Air-tightness can make even greater difference. These not only affect thermal performance they are the areas most likely to suffer from moisture gathering in the wrong places.

This translates as:

- not just busking it at floor junctions, insulating around window reveals, not stopping EWI 150mm short of the DPC, or the eaves
- not leaving a big gap in the loft roll in the roof because the contractor is only paid by the roof and leaves a huge unfilled space at the eaves
- not blocking the eaves ventilation pathway to allow moisture to accumulate in the loft space

And how many of the details that you use have an air-tightness layer in them? How many of your sub-contractors know what to do with a roll of air-tightness tape?

We have tried to start making all of this more accessible through our Retrofit Pattern Book (<https://retrofit.support>). Join it. Share best practice. Because, if we can get a real viable retrofit programme off the ground, we really could make a difference to our world.



Bridging the housing performance gap



Rick Holland, Lead Technologist (Innovate UK)

Richard John, Business Manager (Knowledge Transfer Network)

Clare Hendry, Sustainability Manager (Hastoe Group)

The good news is that some of the housing assessed as part of the Innovate UK Building Performance Programme (BPE), which included more than 50 studies of more than 350 homes, worked really well, with a performance level which broadly reflected design. Alas, however, for the most part, there was evidence of a significant performance gap between design intent and reality. As an example, the average carbon emissions from the 350 homes studied, was 260% more than the average design intent. BPE also identified indoor air quality and overheating concerns in many of the buildings studied.

So what was the difference between those projects where there was a small performance gap, and those where the gap was much wider? This was the question asked at a workshop of Innovate UK experts, appointed to act as critical friends to project teams involved in BPE projects, organised by KTN earlier this year.

Success factors.

After discussion with the Innovate UK experts, it was clear that there were some common success factors associated with the best-performing buildings:

- committed clients and residents
- a systemic approach to quality and the experience of the supply chain
- an integrated design approach and manageable complexity
- a handover process with clear documentation and an extended support period

Ventilation and IAQ

The BPE projects showed that, although we are increasingly able to “design tight” we haven’t yet learnt the ability to “ventilate right”. Several studies on this are in the works. Ahead of these the experts’ workshop identified multiple issues from the BPE programme:

BPE air pressurisation tests showed that sometimes the fabric is much tighter than expected, and on other occasions it is substantially more leaky. The conundrum here is that in those cases where a building was substantially more leaky than planned, there was no longer a requirement for mechanical ventilation to provide the requisite levels of ventilation, and where buildings were much tighter than planned, there were instances where the level of background air infiltration was such that regulations require additional ventilation systems so as to ensure good air quality.

The BPE tests were sometimes significantly different from compliance tests – perhaps reflecting the practice, sometimes applied ahead of the formal pressurisation test, to block those gaps which would otherwise cause the building to fail. Based on the BPE data, such fixes may be relatively short-lived in their effectiveness.

Where multiple air tightness testing was undertaken near the start and end of each project, there was no consistent finding. Air tightness could increase, stay broadly consistent, and even, occasionally, fall. The construction type, materials and approach to maintaining air tightness during occupancy appeared to be key principles.

Although it was clear that in practice mechanical ventilation heat recovery MVHR systems were often not functioning in line with their specification (air flow rates and efficiencies), the same issues were found with mechanical extraction ventilation MEV systems, and generally homes with MVHR systems appeared to have reasonable air quality. Where MVHR and MEV systems performed poorly a combination of design, installation, commissioning, unsuitable accessibility for maintenance, difficult-to-understand control systems, overuse of flexible ductwork and operating issues were the underlying cause. Passive ventilation was also not a panacea for good air quality – for example some occupants blocked the use of trickle ventilators or were unwilling to open windows, and as such air quality could be poor.

On top of all these factors, actual occupancy rates and behaviour is often different to that assumed at the design stage.

Overheating risk

Many of the BPE projects identified overheating as an issue, due to a common failure to design effectively to use building mass and minimise solar gain. There were a couple of instances where services engineers mitigated solar overheating using methods like properly insulating with heat interface units and ensuring mechanical ventilation and heat recovery units had a summer bypass fitted and operated as per design intent. Providing limitations on window opening also limited resident control over overheating risk.

Other lessons

Discussions amongst the experts revealed some other less clear-cut issues. For example, one major source of the performance gap was building services. Most low- or zero-carbon technologies and community heating schemes performed less well than more traditional systems, perhaps due to a lack of client and supply chain experience.

Learning organisations

Perhaps the key lesson arising from the BPE programme is not the various performance gaps, occupant behaviours and impact of new technology, but how far organisations are willing and able to learn and adapt.

Is yours a learning organisation?

KTN is arranging a free seminar on housing related issues arising from the BPE programme. If you would like to be on the invite list please e-mail valeria.branciforti@ktn-uk.org

Our friend electric?



Nicholas Doyle, Director (Adecoe) and Non-Executive Director (National Communities Resource Centre at Trafford Hall)

Electric heating has always been seen as the compromised heating choice – fitted to keep development costs down and to flog off peak electricity. But with a raft of new developments, this view may be about to change.

For the nearly 30 years I have been in social housing, there has always been a collective and knowing groan whenever the subject of electric heating has been raised. We understood its purpose and possibilities, but there was a price to be paid in complaints about running costs and lack of controllability. Also, let us face it, gas was the aspirational choice. Additionally, due to its carbon intensity and low SAP rating, electricity was often a poor corporate choice too.

It became a shibboleth of asset management that, where we could, we took electric out and put in gas – spending millions in the process. It was the right thing to do. But in the last two years a number of developments have made me challenge my own assumptions on this topic.

First, electric heating tech has gotten much better – the latest high heat retention night storage heaters (HHRNSH) are much more efficient than the ugly storage heaters we all hated. Second, new technology, as well as combinations of technologies, including energy storage and energy generation, mean that we can generate, import, export and use energy when it makes most sense. Finally, there are now over 30 retail energy providers – not just the big six – and many of them are looking at new opportunities, one of the biggest of which is electrically heated homes.

While these might seem like mere theoretical ponderings there are some recent projects that have started to put meat on the bones in terms of this re-assessment of electric heating. In one project, The Guinness Partnership has developed a new approach to the assessment of electric heating in asset management. This approach allows landlords to assess

“It became a shibboleth of asset management that, where we could, we took electric out and put in gas – spending millions in the process.”

their options, not just in terms of capex, but also long-term revenues costs, including, critically, the costs to customers and the corporate costs of meeting strategic objectives. This has shown that electric heating, if done right, possesses some significant advantages over other options.

Another project has addressed the challenge of coming up with new solutions in electrically heated tower blocks. We explored a wide range of options, such as gas, heat pumps, communal energy, renewables and energy tariffs. What came out of this was an “Electric+” solution that combined new HHRNSHs with renewables and energy storage. All of a sudden, the disadvantages of electric heating seemed to fade, while their advantages remained.

My view to any new approaches to technology in the housing sector is that the only way to really see if something works is actually to try it out in buildings. It is when you get in to homes that you are able to see how technologies work together, how they work for customers and towards the management of homes. That process is happening right now – we are doing electric heating upgrades and combining those with photovoltaics (PV), storage and energy management.

Electric heating is not a slam dunk yet – it depends on factors such as application, use and corporate objectives. But, all of a sudden, it could start to deliver lower-cost heating, lower carbon emissions, better capex costs and much lower revenue costs. Those that are starting to see the potential of these changes are recognising that being smart about heating can save millions in capex and revenue costs while delivering improved service for customers and meeting corporate targets. As we move towards a world where every pound invested now has to work harder to earn its keep, sticking to established assumptions no longer looks like the safe option.

Repairs service delivery



Ian Carter, Director of Development and Asset Management (Cynon Taf Community Housing Group)
David Baddeley, Senior Consultant (Ark Housing Consultancy LLP)

Having effective strategic and operational asset management approaches has never been more important for UK social landlords. A combination of political pressure and regulatory requirements has meant that we all need to deliver the best possible service for our residents while balancing it with the commercial aspects of running our businesses under greater financial pressures. Our homes and the people who live in them are the drivers of our businesses, providing the income to power the business and funding our plans. We must also realise that our homes present our biggest risk.

Earlier this year I spoke at the NHMF Maintenance Conference about our organisation's experience of bringing maintenance in-house. I outlined how, beginning in 2012 and with the support of Ark Consultancy, we looked at the best way to deliver our service. After a series of reports and options appraisals, we concluded that the best fit for us was to set up a wholly owned subsidiary (WOS), both to deliver savings as well as to provide client control and a customer focus.

As we went through the process we encountered a number of issues, for example the terms and conditions (T&Cs) of the workforce who would run the WOS. Having two sets of T&Cs may work for some organisations, but as a socially driven business it would not align with our values.

Another issue was that our existing maintenance contractor, who we had intended to utilise as part of the WOS, was being wound up. We decided that in order to preserve our maintenance service and reduce redundancies in the local job market, we would expedite the TUPE process to bring them in-house. In April 2014 we brought in five staff and also set up supply and sub-contractor chains to deliver an in-house maintenance service. Our mission was: "To provide a customer-focused, value-for-money maintenance service based on high levels of performance and quality work".

We have continued with our in-house contractor service and are in the process of carrying out a series of reviews to decide on its future direction. The benefits are obvious, with both financial savings and resident benefits. There are however inevitably some disadvantages.

Whichever model an organisation chooses to deliver its maintenance service, it is important to carry out a robust process to find the best fit. While a WOS or an in-house contractor may work for some, it will not for others; one model does not fit all. Whatever you choose to do, it is critical to drive a cost-efficient, commercially minded business ethic that fits with your values.

Remember, our homes and the people that live in them drive our business and if properties are well maintained, our businesses will be on a sound footing. Maintaining properties to a standard that makes our residents happy, not only helps to maintain the tenure of the property, but means that the residents experience a greater satisfaction level which is our ultimate goal.

Repairs service

“Whichever model an organisation chooses to deliver its maintenance service, it is important to carry out a robust process to find the best fit.”



How big data analysis might improve service



Paul Flowers, Director (M3)

Data is valuable – everyone says that – but how it is valuable is not always obvious. In 1995 the supermarket chain Tesco looked to introduce a customer loyalty scheme, thinking it would simply collect names and addresses and encourage customers to stick with them by giving them money-off vouchers for the groceries they bought regularly. However, the data mining company “dunnhumby” famously demonstrated that the true value of the scheme lay in analysing what customers weren’t buying, the gaps in the data. If someone was taking home steak and oven chips each Friday, why weren’t they picking up red wine and peppercorn sauce? A voucher for wine and sauce was soon dispatched. If it was cashed in, Tesco had more sales – and the company grew quickly.

Housing associations are all trying to use their data, but many of them are overwhelmed by the volume of it. Where to start? With enough time and resources you could trawl all the data, looking for something of significance. But with limited resources, another approach is to frame questions that the data might answer, and zoom in on particular data sets that look promising, trimming them where possible.

M3 used this second approach to analyse housing association repairs, using anonymous data from our M3Housecall product. M3Housecall is an online repairs diagnostic system that uses pictures and diagrams to select M3NHF Schedule of Rates codes, and is used by residents of over 120 housing associations. We trimmed the data by selecting a period of 15 months, covering two winters in case one year had freak weather, giving a dataset of 228,000 repairs. The SoR codes were then used to look at the following questions:

- Frequency - what were the most commonly reported repairs?
- Variation - Is there significant variation between similar-sized housing associations in the types of repairs reported?
- Seasonal effect – does changing weather impact uniformly on the repairs reported?
- Resident descriptions – what did tenants say about the problem, in their own words?

Repair frequency was in line with expectations: plumbing and gas requests made up 33% of the total, followed by joinery (23%), electrics (14%), and externals (12%). (All other categories were below 10%.) The variation analysis revealed a significant difference in the number of boiler repairs raised by different housing associations. Regardless of size, some had 2% of their repairs being boiler related, and others 10%. There are many possible reasons for this:

- For the 2% band, boiler repairs could be reported directly to an external contractor – using M3Housecall was a mistake.
- For the 2%, boilers could have been recently renewed, as part of decent homes, transfer work or planned maintenance.
- The 10% band could be recent transfer organisations, about to start renewals work.

Repairs service



“With enough time and resources you could trawl all the data, looking for something of significance. But with limited resources, another approach is to frame questions that the data might answer, and zoom in on particular data sets that look promising, trimming them where possible.”

M3 is planning further study to try to understand the variation, and will report back to the NHMF later in the year.

The seasonal effect showed fences being blown down in the storms of 2014, and the expected increase in boiler repairs when the heating is switched on for the first time in October. It also showed a consistent spike in kitchen unit failures in December, possibly due to an excessively “merry Christmas”.

Resident descriptions are interesting because they cut across SoR codes and trades. The most commonly used word was “door”, regardless of whether it was internal, external or on a kitchen unit.

M3 concluded the following:

- Data analysis is nothing without understanding (we are working on the understanding).
- Analysis could be used to change business. If these findings are true, would all operatives be trained to ease and adjust doors? Would the boiler call-outs in October cover adjusting the hinges on kitchen units, because they will fail in December?

What would you look for in your own data? This article has only covered our headline findings. To download the graphs go to <http://tinyurl.com/Housecall-Data>, or ask M3.

Alternative maintenance models and price reductions



David Lingeman, Director of Property Services (A2 Dominion Housing)
Andrew Vickery, Partner (Trowers & Hamblins LLP)

At the NHMF Maintenance Conference we outlined how A2 Dominion (A2D) has used innovative joint venture structures to:

- improve delivery of their repairs and maintenance service
- improve efficiency through reduced administrative duplication and VAT savings on significant elements of the labour cost
- receive 70% of the profit share from the joint ventures in the first two years of their operation

“Although procurements on this basis are inevitably more complex than more traditional models, the benefits are considerable.”

A2D's starting point was that shared objectives with maintenance contractors would lead to improved service quality as well as profitability. They also had in mind protection from contractor insolvency and possible opportunities for new business.

The model adopted was to set up two joint ventures. The south region is covered by a joint

venture with Mitie and the London area by a joint venture with Breyer; both JV's are limited liability partnerships VAT grouped with A2D.

The benefits from these joint ventures include:

- an identity of interest which promotes a collaborative approach (Collaboration is enhanced by the use of a TPC form between A2D and each of the joint ventures and STPCs between each of the joint ventures and the relevant contractor as a Specialist.)
- protection from contractual insolvency, because the LLPs would continue to exist if either contractor became insolvent
- no VAT on most of the labour costs
- preservation of the contractor warranty of the work
- share of the profits paid back to A2D
- opportunity to work for third parties, and potentially for the LLPs to tender to undertake other work for A2D

Although procurements on this basis are inevitably more complex than more traditional models, the benefits are considerable. The market is also now more familiar with models of this type.

Trowers & Hamblins LLP advised on the procurement and legal structure. Joint ventures such as those used by A2D are one of a series of models which have been used for different organisations seeking efficiencies in procurement of repairs and maintenance where Trowers & Hamblins have advised.

These models include:

- Complete outsourcing - even within the constraints of this relatively traditional model, efficiencies can be found by careful structuring of procurement, documenting a collaborative/partnering approach into the contracts and ensuring efficient management of the contracts.

- Setting up direct labour organisations - these can have many of the advantages of the structures outlined below, but the client carries the utilisation risk and there is no external expertise.
- Wholly owned subsidiary/labour subsidiary models - under these structures the external contractor provides the service and (usually) supplies materials but using labour in a VAT grouped subsidiary of the client. This reduces VAT on the labour element of the service while preserving the contractor warranty. Other benefits include mitigation of the risks of contractor insolvency. However the ability to work for third parties is limited.
- Managed service - the client delivers the works itself (for example through a direct labour organisation), but it is managed by an external contract on an arm's length basis. This has VAT advantages, but the client retains liability for the works and the ability to work for third parties is limited.
- Cost Sharing Vehicles - a CSV can be set up as long as all of its members carry on VAT exempt or non-business activity, services are supplied at cost and various other conditions are satisfied. There is no VAT on the supply of services from the CSV to its members. Hence it is worth considering in a number of circumstances including, e.g. if an affordable landlord has a direct labour organisation and wants to provide repairs and maintenance services to a neighbouring affordable landlord.

Whatever model is used, various legal issues will arise. These include the need for robust contractual arrangements, procurement, leaseholder recovery, TUPE, pensions and tax.

There is no one-size-fits-all solution, but it is worth considering carefully and taking advice.

M3NHF Schedule of Rates Version 7



David Miller, Director (Rand Associates)
Dominic Higgins, Assistant Director (Rand Associates)

Generally a new version of the M3NHF Schedule is released every five years. Each new version reflects a re-evaluation of pricing. Interim versions are produced within the five-year period to encompass industry changes in terms of legislation, requests from users, availability of new products or technological advancements. The micro-generation encompassed by 6.1 is a really good example of this. Following this pattern the “due date” for Version 7 was back in 2013; arguably during one of the most turbulent times for the construction sector in recent history. Taking account of the financial pressures, we would have had to have shown a decrease in rates, which would have been a backward step brought about by a false financial climate. Hence the committee’s decision to defer until some stability was evident.

The financial recovery has gathered pace and the feeling is that we are returning back to post crash conditions and as such we are ready to release Version 7.

The inclusive concept of the Schedule has always aimed to be as comprehensive as possible, by both providing for all potential individual tasks, but also looking to combine some activities that are always completed together.

Recent History on numbers.....

- The original brief on Version 6 was to reduce the model library of Schedule of Rates items to a more manageable 2461 items from the 2899 of Version 5.1.
- Revision 6.1 added 129 items of energy efficiency and micro-generation.

- Revision 6.2 added a further 248 items arising from Clients and Service Provider’s requests, and need for additional items identified in audits and to mitigate use of daywork.
- Version 7 adds a further 386 items, again arising from requests and audits, and the consultation process that was undertaken.

In terms of working at height, there’s always been an issue in determining the fairest way of arriving at the right value, predominantly due to the fact that different organisations have different safe working practices and scaffolding won’t always be deployed for all jobs at height. The notion that the means of access is encompassed in the rate remains. The significant changes for Version 7 include a revision of the labour rates, as all jobs (eaves and above) are evaluated as two man operations and gang rates have been applied to the SMVs.

Understandably some users expect to see a uniform increase across all tasks. However, due to the nature of our evaluation processes, the overall impact may well be an increase, but there is not necessarily a detectable pattern. This is in part due to differential increases/decreases in some of the material costs that contribute to the overall rates. There is also an increase – averaging approximately 16% – in the labour rates.

We carried out some analysis to be able to answer the question of the overall effect, and by applying a frequency of one to all common codes across Version 6 and 7, we saw a 31% increase. Further analysis was carried out with two sets of actual client data to establish the percentage variation required if migrating from Version 6 to 7. We learnt from this that an average discount of approximately 23.96%

“The inclusive concept of the Schedule has always aimed to be as comprehensive as possible, by both providing for all potential individual tasks, but also looking to combine some activities that are always completed together.”

would have to be applied by a service provider using Version 7 to match existing conditions under a Version 6 arrangement.

Obviously, the impact of the difference between the versions of the schedules of rates will vary for each client depending on the frequency of the items ordered. The increase in prices is not the same for each trade and other factors such as the repair or renew policy will also need to be considered.

In other news.....

You also may be pleased to hear that the phrase “swings and roundabouts” has been banished to Room 101. Its replacement: “balance of averages”, is available for immediate use.

Acronyms

We have tried, where possible, to ensure that acronyms are explained within articles. For those instances where this was not possible, however, here we have listed some commonly used acronyms.



Acronym	Explanation
AHBs	Approved Housing Bodies
ACOP	Approved Code of Practice
ALMO	Arm's-Length Management Organisation
BL	Danish National Federation
BPE	Innovate UK Building Performance Programme
BRDO	Better Regulation Delivery Office
BREDEM	Building Research Establishment Domestic Energy Model
CDM	Construction (Design and Management) Regulations
CRM	Customer Relationship Manager
CSR	Corporate Social Responsibility
CSV	Cost Sharing Vehicle
DECC	Department of Energy and Climate Change
DLO	Direct Labour Organisation
ECA	Electrical Contractors' Association
ECO	Energy Company Obligation
EPC	Energy Performance Contracting
ESDN	European Single Notification Documents
ESF	Electrical Safety First
EU	European Union
EWI	External wall insulation
Ffi	Fee for Intervention
GLAs	Greater London Authorities
HCA	Homes and Communities Agency
HHRNSH	High Heat Retention Night Storage Heaters
HSE	Health & Safety Executive
HSENI	Health & Safety Executive for Northern Ireland
HSW	Health and Safety at Work
HSWA	Health and Safety at Work etc Act 1974
JCT	Joint Contracts Tribunal
JV	Joint Venture
KPIs	Key Performance Indicators
KTN	Knowledge Transfer Network
LEAP	Learning Employment and Achievement Programme
LED	Light Emitting Diode
LGSR	Landlords Gas Safety Record

Acronym	Explanation
LIHC	Low Income Housing Coalition
LLP	Limited Liability Partnership
MEV	Mechanical Extraction Ventilation system
MMC	Modern Methods of Construction
MVHR	Mechanical Ventilation Heat Recovery system
NEC	New Engineering Contract
NHF	National Housing Federation
NHMF	National Housing Maintenance Forum
NPV	Net Present Value
NVQ	National Vocational Qualifications
OJEU	Official Journal of the European Union
PPP	Price per Property
PPR	Painting, Plastics and Repair
PQQ	Pre-qualification Questions
PRS	Private Rented Sector
PV	Photovoltaic
QLTA	Quality Long Term Agreement
rdSAP	Reduced Data Standard Assessment Procedure
RHI	Renewable Heat Incentive
RTB	Rent to Buy
RP's	Registered Providers
SAP	Standard Assessment Procedure
SHIFT	Sustainable Homes Index For Tomorrow
SMEs	Small and Medium Enterprises
SMV	Standard Minute Values
SoR	Schedule of Rates
STPC	Specialist Term Partnering Contract
SWI	Solid Wall Insulation
TLO	Tenant Liaison Officer
TPC	TPC 2005 ACA Standard Form of Contract for Term Partnering - Amended 2008
TSC	Term Services Contract
TUPE	Transfer of Undertakings (Protection of Employment)
UPVC	Un-plasticised Poly Vinyl Chloride
WOS	Wholly Owned Subsidiary

The logo for the National Housing Maintenance Federation (NHMF), featuring the lowercase letters 'nhmf' in white inside a blue speech bubble shape.

NHMF Maintenance Conference 2017

24-25 January 2017 • Hilton Birmingham Metropole

Book your place www.nhmf.co.uk/conference



The annual NHMF conference is devoted to housing maintenance and run by maintenance professionals. It covers strategic issues, practical solutions to current challenges and provides a focus for networking and promoting best practice. The next conference will be held, for the second year in a row, at the new venue of the Hilton Birmingham Metropole on Tuesday 24 and Wednesday 25 January 2017.

Speakers will include experts from a wide range of relevant specialist fields, from finance to compliance, including those from Government departments, National Housing Federation (NHF) and Chartered Institute of Housing (CIH), as well as resident providers, contractors, experienced consultants and professionals.

To book delegate places and for all enquiries, suggestions and exhibitor and sponsorship opportunities, please visit the website: www.nhmf.co.uk/conference

The conference has been oversubscribed for the last five years, so don't miss out and book now for 2017.

A number of sponsorship opportunities are available. To find out more visit www.nhmf.co.uk/conference





NHMF training days 2016

Each year the NHMF offers a series of one-day training courses to support both clients and contractors to learn about or go more in-depth into subjects relating to contract management. These sessions are applicable to property services directors, asset management directors and members of their teams who are directly involved in, or may be considering, procuring or managing contracts under the M3NHF Schedule of Rates documentation and associated modules. It is particularly valuable if clients and their contractors attend together.

This year we are offering three training days, focusing primarily on issues related to contract procurement and tendering. Some of the topics that will be covered in the 2016 NHMF training days include:

- contracts, tendering and value for money
- the “big decisions”, such as: make, buy or “share”; or in-house versus outsourced
- contract strategy – what is it and why do you need it? (touching on possible “macro” approaches to contracting - aggregation for efficiency of management or separation to involve SMEs)
- OJEU – what is it; when do we need to follow it; and what do we have to do?
- key contracting decisions (scope, payment, duration, lots)
- leaseholder consultation – when is it needed and have I done it?
- TUPE – does it apply; have I got the information I need; and do I know what the risks are?
- Social Value Act – what must I do and what can I do?

The sessions provide a valuable opportunity to discuss different approaches that can be taken with colleagues from other organisations who are involved in similar projects.

Day 1 Wednesday 8 June: Contract procurement

Muir Group Housing Association Ltd
80 Lightfoot Street
Hoole, Chester. CH2 3AL

Day 2 Tuesday 27 September: Contract procurement master class

Hamilton House
Mabledon Place
London. WC1H 9BD

Day 3 Wednesday 23 November: About to go to tender – help!

Anthony Collins Offices
134 Edmund Street
Birmingham. B3 2ES

Book your place at
www.nhmf.co.uk/training



visit www.nhmf.co.uk

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