

APPENDIX A: BRIEFING DOCUMENT FROM HOUSING OFFICERS (Jan 20)

DISTRICT AUDIT ISSUE/ RECOMMENDATION	ACTION TAKEN	COMMENTS
1. Improve Contract Management Training for Officers in Neighbourhoods	There has been a continual improvement in Contract Management in neighbourhoods. Monthly Contract Management Team meetings have been in place for a number of years now and are set to continue. Purpose is to share good practice, highlight problem areas, a learning group when new Contract Managers start and to disseminate information. Monthly meetings also take place with a group of experienced Contract Managers and Senior Officers to monitor the overall programme and specific NHO schemes.	Contract Managers are expected to have project management competency and a programme of PRINCE2 training is currently underway. In addition other training courses include Contract Compliance, Managing Contracts, Housing Building & Design Guide, Commonhold & Leasehold Reform Act, Construction Act (CDM), Investment Procedure Guidance.
2. Minimise conflict arising from the twin-hatted role of Neighbourhood Housing Offices	Clear brief has been devised setting out roles of consultant, NHO staff and residents. Prior to the start of the works a clear scope of works is provided to the consultant and clear responsibility lines are provided at all pre contract meetings. The role of consultant/client is been made clear before the start of all contracts.	Neighbourhood Housing Offices have twin-hatted role in managing tenant expectations and controlling contracts. This can sometimes create a conflict between satisfying tenant demands whilst at the same time encouraging contractors to deliver
3. Ensure Southwark Direct's objectives are consistent with their role within the authority	Save for emergency works, all schemes follow a full tender process.	Southwark Direct were brought in to cover the emergency measures: Whilst an excellent job was done on the emergency works Southwark Direct may not have been fully geared up to take on the subsequent major works and certainly have found difficulty in completing some of the snagging works.
4.		

<p>Ensure project options are adequately scoped, risks quantified and accurate costings provided prior to committing to a budget.</p>	<p>As per 1. and 2. above In addition Contract Managers are required to attend a compulsory Project Management Course. Introduced Investment Procedure Manual and Design and Specification guide</p>	<p>The introduction of the Management and Maintenance Allowance has meant spend can straddle years and therefore reduces the pressure on attempting to achieve spend in unrealistic timeframes.</p>
<p>5. Set and monitor an over programming target</p>	<p>Neighbourhood Housing Offices are required to over-programme at a sensible level and for the next 2 years because of the impact of Decent Homes and Commonhold & Leasehold Reform Act over-programming is currently set at 20%</p>	<p>District Auditor suggested that it was unrealistic to achieve expenditure targets that had been set at the time. Any new targets or legislation introduced during the contract or pre contract period may have a detrimental affect on spend. E. G. Decent Homes targets and the Commonhold and Leasehold Reform Act may have an adverse impact on 2003/04 spend.</p>
<p>6. Develop a percentage of projects to detailed design/pre tender stage in the year preceding funding</p>	<p>Neighbourhood Housing Offices are required to work up schemes at least 1 year in advance to detailed design/pre tender stage in the year preceding anticipated funding and now because of the recent changes due to Commonhold & Leasehold Reform Act to 2 years preceding the anticipated funding. In addition Neighbourhoods are advised to create reserve schemes to back up their main programme should additional funding be available throughout the financial year.</p>	<p>Schemes take a minimum of at least 10 months from scoping to start on site</p>
<p>7. Ensure all services adopt a risk management procedure</p>	<p>To comply with Decent Home requirements a full technical survey is requested on 100% of properties within a scheme. A full risk analysis is undertaken on all schemes prior to and during the scheme progress. Risk management is an integral part of the PRINCE2 methodology</p>	<p>The initial project on Canada was considerably smaller than actual undertaken and although the feasibility work was technically appropriate it lacked suitable risk appraisal i.e. didn't take in to account potential structural issues and contract packaging issues.</p>
<p>8.</p>		

Regularly update condition surveys on the basis of analysed variations of completed projects	New stock condition survey commissioned 2003	As part of the new stock condition survey process there is a feedback mechanism that will ensure stock information is continually up to date. Neighbourhoods link their major works programme to the stock condition information.
9. Ensure that programming interrelated work packages is adequately risk assessed, with cost and programme contingencies in place prior to tender.	This is now a standard consideration on schemes when different phases are created from the outset. Regular reviews and risk assessments are undertaken throughout the life of the project. Cost provisions are agreed between client and consultant to mitigate financial risk based upon the initial risk assessment and previous experience. Programmes are modified to accommodate any additional time that might be required to carry out any extra work.	The initial works to Canada were created as 1 contract with works to all blocks running concurrently. The subsequent phasing occurred as a result of receivership of the original contractor. There had been little complaint about the works in progress in terms of the subsequent phases – these occurred at snagging when the majority of the works outstanding had been completed.
10. Create pilot/show flats on large-scale projects which identify the works to be undertaken.	Show flats are considered on all extensive schemes but are dependent on a vacant property being available within the scheme.	
11. Ensure client officers are adequately trained to produce variation/appraisal reports	See 1 and 2 above	Construction Act requires prompt payments by all clients reducing the risk of contractors falling in to financial difficulties as occurred in Phase 1.
12. Ensure that tenants clearly understand the roles and responsibility	The scheme of delegation is clearly reported at pre contract meetings and re-iterated during the life of the contract Contractors only accept instruction from the named Contract Administrator and any verbal instructions should be ratified in writing within 1 working day	Amount of access allowed to the tenant worked to the detriment of this particular contract. This led to a lack of direct control by the client and confusion between the consultant and the contractor and the client.
13. Improve the Quality Control Systems to identify and suggest remedial solutions to contract/site based	See 1 & 2 above By use of GC works contract on all contracts since 2002,	In addition Contract Standing Orders are currently being reviewed

performance issues. This should include monitoring of subcontractors as well as general site management issues and should be included in tender documentation	additional time has been prescribed within the contract extending Clerk of Works attendance on site	
14. Ensure emergency measures adopted to address critical issues (such as failed contracts) do not become the accepted norm.	Canada was an exceptional contract. and emergency measures adopted in this contract are not accepted as the norm. Works to Phases 2, 3 & 4 (Southwark Direct) were to a good standard however due to the length of time the contractors were on site original works were agreed which were not part of the original contract. The contractor did not have the capacity to undertake the additional works and monitoring of spend was not as it should have been. Also See 1 and 3 above	The Gateway process is being adopted by all departments with additional monitoring by departmental and corporate review boards on all contracts over £500k at all key stages. In addition to CM training, monthly reviews of all contracts take place at Neighbourhood Programme Delivery Group which allows risks to be considered and independent views sought
15. Keep Post Project Reviews brief and simple to encourage completion of process and have independent reviewer undertake/assess the work (e.g. Internal Audit)	Post Project Reviews are undertaken on all schemes. Quarterly reviews of consultant and contractor performance referred to central procurement team to ensure performance standards are maintained. Internal Audits are undertaken on ad hoc contracts.	Southwark has introduced a more robust Approved List for contractors and consultants. Contractors are prevented from over committing when they have bid for works to a certain financial threshold.
16. Retain a high level of contractual expertise within Housing to address issues arising from failing projects and ensure this includes a roving brief across all neighbourhoods	Contracts meet to share best practice on a monthly basis. An additional Principal Contract Manager has been appointed as an additional resource to assist contract managers; a further position is yet to be recruited to. All Contract Managers to be proficient in contract management by end 2004.	Best Value Review of Contracts has taken place