



# **Planned Maintenance Policy**

**Date of Approval**  
**September 2019**

**Review Date**  
**September 2022**

## Executive Summary

**Brief Overview:**

Update of planned maintenance policy which is reviewed every three years

**Risks:**

Medium

**Relevance to Business Plan:**

3.1 EESSH

3.2 Procuring contracts

3.8 Community Benefits

3.10 Procurement Strategy

**Financial Implications:**

Value for money and longer term funding issues

**Equalities:**

N/A

**Regulatory Impact:**

Scottish Housing Quality Standards.

Procurement Act Scotland 2014

EESSH

**Recommendations:**

Continue with the current five year maintenance plan which is reviewed annually.

## 1. Policy Context

The introduction of this new comprehensive policy on Planned and Cyclical Maintenance comes at a time when Registered Social Landlords (RSLs) are being asked to adopt a radically new approach to the manner in which they obtain products and services from the building industry. The driver of change is improvement: improvement in working practices; improvement in working relationships; improvement in the quality of the product; and improvement in the satisfaction of the ultimate end-user: the tenant.

## 2. Introduction

2.1 In general terms the Association's internal policy framework sets out the key principles, standards and objectives which guide and inform our operations. This policy sets out a comprehensive policy framework for our Planned and Cyclical Maintenance activities.

2.2 Planned and Cyclical Maintenance involves the formulation and delivery of a programme of maintenance over the life of our housing stock. This programme of works is intended to secure and prolong the useful life of our houses whilst at the same time meeting the needs and aspirations and the people who live in them.

2.3 The programme has also been reviewed to reflect the requirements of the Scotland Procurement Act 2014.

2.4 There are three distinct dimensions Planned and Cyclical Maintenance to which the policy framework will apply. These are described below:

**Process:** refers to the planned and cyclical maintenance services we provide and the manner in which we deliver our programme.

**Key activities:**

- *Procurement*
- *Programme management*
- *Delivery of works and services*

**System:** refers to the management and support systems which underpin and inform our programme and services delivery.

**Key activities:**

- *stock condition survey*
- *life-cycle costings*
- *long-term financial planning and budgeting*
- *safety & statutory requirement compliance checks*
- *factoring*

**Product:** refers to quality of housing we provide, standards of design and specification and sustainability

**Key activities**

- *continuous improvement of specification & design*
- *Quality assessment*
- *Value engineering*
- *Compliance with statutory & safety regulations*
- *Tenant consultation and feedback*

2.5 The policy will:

- Identify the principle stakeholders
- Describe the guiding principles and objectives of our planned and cyclical maintenance function and those specific to the three dimensions described above
- Detail the key standards, targets and outcomes by which we shall measure the performance of our Planned & Cyclical Maintenance function
- Identifies the means by which we shall seek to improve our performance
- Identify best practice guidance
- Identify the links between this policy and other aspects of planned and cyclical maintenance policy framework
- Describe the legal and statutory framework within which the function is carried out
- Describe the linkages between the Planned and Cyclical Maintenance function and the Association's other services, and activities, its global strategic plans, objectives and priorities.
- Identify the resources the Association requires to meet its planned and cyclical maintenance responsibilities

### 3. Objectives, Principles, Stakeholders

3.1 We are a customer-focussed organisation whose key strategic objective is to meet the needs of our customers by providing high quality homes within a sustainable community and an effective, efficient and responsive housing service.

Our Planned & Cyclical Maintenance policy framework is intended to support and implement this key corporate objective. In doing so the following key principles and objectives shall inform and guide our Planned & Cyclical Maintenance function:

- To ensure our planned and cyclical maintenance function meets the needs of our tenants and other stakeholders
- To provide homes which are safe, warm, healthy, modern and popular
- To meet our legal and statutory obligations in respect of the standard of repair and safety of our housing stock
- To prolong the useful life of our housing stock
- To comply with the Scottish Government Performance Standards
- To provide an efficient, effective and responsive planned & cyclical service
- To become a “Good Practice” construction client and to comply with “best practice” guidance
- To continuously improve the physical quality of our housing stock and our planned and cyclical maintenance services
- To ensure that our planned and cyclical maintenance activities protect the assets of the Association and that we operate within a financial planning framework that adequately provides for the lifetime maintenance of our housing stock
- To ensure that our Governing Body exercises proper control over our Planned & Cyclical maintenance function

3.2 The principle stakeholders are the **tenants** to whose homes our planned and cyclical maintenance activities are directed. Our tenants are our key customers and the ultimate end-users of our maintenance services and products. The Association also provides planned & cyclical maintenance activities to, as part of our Factoring service, **owner-occupiers**. We also recognise our responsibility to promote and sustain the wider social and economic wellbeing of the Govan community in which we work.

As our regulatory body The **Scottish Government** supervises the Association's activities and assesses our performance against a comprehensive network of Performance Standards for each of our various functions and activities, including planned & cyclical maintenance.

The **private lenders** who invest in the development of the Association's housing expect that our lifetime maintenance activities will protect the asset value of their investment and sustain the integrity of the long-term loan projections.

### **Summary of Stakeholders:**

- tenants as our key customers
- owner-occupiers as customers of our factoring service
- our Management Committee as our Governing Body
- The Scottish Government as our regulatory body
- Private lenders who invest in our housing developments
- The Communities we serve

## **3. Definitions**

Our definitions of repairs and maintenance work shall adhere to the classifications set out in Scottish Government Guidance.

### **4.1 Planned Maintenance**

Refers to the work involved in **replacing and renewing** parts of the building fabric and components and features of the building. Planned works will be carried out for the following reasons:

- Where components or features have reached the end of their life cycle owing to ageing. Such repairs are relatively predictable.
- Where components require replacement owing to defects in design, construction and materials, external conditions or abuse. Such remedial work is relatively unpredictable.
- Where works are required to upgrade a property to current building standards, domestic safety regulations and Landlord's statutory obligations. Such improvements include the installation of energy efficiency measures, such as improved heating systems or standards of insulation, and the

promotion of sustainability features throughout the Association's housing stock.

- Works intended to enhance the quality of dwellings to meet tenants' expectations, needs and aspirations, or to improve the letting potential of low demand housing.

#### 4.2 **Cyclical Maintenance**

This covers the **planned servicing** of buildings and associated elements to prevent the gradual deterioration of components and finishes. Cyclical maintenance is essentially preventative or protective and is largely predictable and therefore capable of forward planning.

It includes **cyclical inspections** of components such as gutters, downpipes and the external fabric of buildings, but is mainly concerned with **service contracts** for the periodic testing and servicing of installations and components such as heating systems, lifts, roof anchors, door-entries and warden calls, fire alarms and smoke and carbon monoxide detectors. Gutter cleaning and the cleaning of other parts of building fabric are included as cyclical maintenance.

#### 4.3 **Reactive Repairs**

Emergency, urgent and routine repairs whose attendance cannot wait until the next cycle of planned maintenance activity without presenting a threat to the safety, health or security of the tenant, the integrity of the building or the landlord's repair obligations. Repairs such as these day-to-day jobbing repairs that are usually reported by tenants or arise during re-let are intrinsically reactive and curative in nature.

Reactive repairs do not fall within the scope of this policy

#### 4.4 **Why classify Maintenance?**

Classifications allow us to **monitor expenditure** in each category against annual budgets.

It enables us to **benchmark** our financial performance against other housing associations, as required by the Regulatory framework.

It allows us to assess the **continued financial viability** of projects against revenue and expenditure assumptions made during investment appraisals.

Categorisation enables us to calculate the **expenditure ratios** of each maintenance category against the others. These ratios are important as it is a requirement of the Scottish Government that RSLs achieve a minimum of planned to reactive maintenance expenditure and seek to increase the ratio over time.

It enables us to establish and operate an effective **life cycle costing system**.

We can build up a **performance profile** of our housing stock in terms of the quality of design and specification. High expenditure on reactive repairs indicates that particular components may be failing or defective, giving us a prompt for remedial action, e.g., rectify the defective and/or amend our standard specification by introducing better performing components.

#### **4. Process: Procurement**

##### **5.1 Activity Principles**

- We shall follow a sound procurement strategy which obtains the most cost effective and accountable way of securing the assets quality of service we require.
- We recognise that a sound procurement strategy must be based on the good practice recommendations in the Procurement Scotland Act 2014.

##### **5.2 Actions**

5.2.1 Our procurement strategies for maintenance activity shall incorporate the following key compliant features:

- 
- Strategic Briefing
- Partnering procurement, contractual and working arrangements
- Balancing Quality with Price contractor selection processes
- Bulk or volume, programme over project procurement arrangements, either individually or in partnership with another client(s).
- Continuous improvement by using value engineering, benchmarking, Key Performance Indicators (KPIs) and performance monitoring and review
- Contractor's approach to Sustainable construction – waste minimisation, resource use, minimisation environmental impact through construction process

5.2.2 We will operate Approved Lists of Maintenance Contractors and Consultants with clearly defined selection criteria, performance requirements and review arrangements. Partnering contractors will be selected from the List.



Our criteria and arrangements for the operation of Approved Lists and for the selection of partnering contractors and consultants will be set out in a separate Policy.

5.2.3 We will allocate adequate resources to staff training, ensuring that key staffs have the knowledge and skills to represent the Association as good practice construction clients.

5.2.4 For each activity procured we shall develop a transparent Procurement Strategy demonstrating a sound rationale for selecting a particular route, setting out the selection criteria used for contractors and consultants and offering a clear framework for decision making and the recording of audit trails. Each Procurement Strategy must be approved by the Association's Governing Body.

5.2.5 Our tendering procedures shall be robust, accountable and clearly documented. We shall have written procedures for issuing, opening and recording tenders.

5.2.6 Our specifications and standards for building products shall be clearly defined in building contracts and our requirements for consultants' service levels clearly defined in conditions of appointments. These standards will be clearly defined in our Standard Specifications for Improvements & Repairs and on our Standard Briefs for the services of our various services.

5.2.7 We shall have standard conditions for entering into contracts and appointments, and these shall be set out in written procedures.

5.2.8 We shall have arrangements in place for controlling contract budgets and reporting same to our Governing Body.

5.2.9 We shall have arrangements in place for monitoring the performance of contractors and consultants during contracts and for reporting performance to our Governing Body. These arrangements shall be set out in written procedures.

### 5.3. Exclusions

5.3.1 A departure from Egan compliant procurement processes may be followed under certain circumstances. These include:

**Local employment.** The Association has historically employed small single trade local contractors who have performed well over the years and with whom we have good working relationships. The Association recognises that bulk procurement arrangements involving multi-trade maintenance programmes may obviate the continued employment of these contractors and that this may have a detrimental impact on the local economy. Our procurement strategies must recognise this and seek to counterbalance the positive effects of bulk procurement against its negative impact on the local economy. Notwithstanding this process we shall at the same

time encourage small local contractors to obtain business support to allow them to grow in size or combine in consortia to tender for multi-skilled programmes of work.

Some maintenance work is highly **specialised** and would not be suitable for partnering or programme procurement. In such situations we shall seek to obtain value for money by competitive tendering.

Where work is **too specialised, small-scale or short-term** for partnering procurement we shall use traditional competitive tendering.

For specialist equipment (e.g. lifts, Alarm systems, hoists) we are tied into service contracts with the suppliers and it would not be cost effective or service efficient or even possible to use other service firms.

5.4	<b>Outcomes</b>	<b>Measurement</b>
	Value for money	KPI's, Tender prices, cost certainty, performance review, and budget control
	Quality of product	KPI's, HQAP, Sustainability Energy Efficiency, Secured by Design, Performance review, contractual compliance
	Quality of process	Best practice compliance, HQAP, performance review
	Tenant satisfaction	Survey returns, tenant feedback

#### 5.5 **Links to other Policies & Procedures**

Procurement Policy

Approved List of Maintenance Contractors

Tendering Procedures

Procedures for Appointing Consultants & Contractors

Procedures for Reporting Contractors & Consultants Performance

Maintenance Policy

Sustainability Policy

### 5.5.1 **Corporate Links**

Wider Action Policy

Delegated Authority – governance

Internal Management Plan

Performance Management Framework

Tenant Participation Policy

### 5.6 **Compliance with Key Regulation & Performance Standards**

The Association shall carry out self-assessments to determine where we comply with the Performance Standards applicable to the procurement of maintenance activity.

The Association will monitor our compliance with the Scottish Housing Quality Standards Delivery Plan and associated milestones.

### 5.7 **Procurement & Strategic Links**

#### 5.7.1 **Wider Role Strategy**

We shall seek to promote wider community regeneration by linking our Planned & Cyclical procurement strategy to local economic regeneration initiatives. Our procurement strategies will incorporate Wider Role aims and objectives

#### 5.7.2 **Sustainability**

We shall procure Planned & Cyclical maintenance services in a manner which will support the Association's strategy for sustainable development and sustainable housing. Our procurement strategies will incorporate sustainability objectives and requirements.

## 6. **The Planned Maintenance System**

### 6.1 **Guiding Principles**

The main objective of the planned maintenance system is to enable the Association to develop a strategy for the lifetime maintenance of its housing stock and compliance with SHQS. The strategy should be based on:

- knowledge of the condition of our house stock
- a costed programme of works for their lifetime maintenance and improvement
- the programme of works should be based on a Life-cycle Costing System (LCC)

- a long-term financial planning framework that makes provision for funding these plans
- priorities for the future maintenance of our stock based on LCC, stock condition, demand, tenants aspirations, sustainability and statutory requirements, including SHQS.

## 6.2 Actions

6.2.1 We shall put in place a Planned Maintenance system which should generate the following key requirements:

- Regular stock condition surveys
- A comprehensive database of housing stock with details of the specification and building elements of each property
- A database providing details of ownership in properties
- Should identify standard life cycles for components but should enable these assumptions to be reviewed depending on the results of performance and inspections to determine condition.
- Should identify time-spans for service contracts and regular safety checks
- Should identify costings for replacing elements in each property but with scope for variation based on actual renewals and revision of replacement cycles. Should enable costings for owners to be extracted and detailed separately.
- Should generate an elemental programme of maintenance and repair to each property covering a minimum of 30 years.
- Should be able to forecast maintenance expenditure over the life of the programme.
- Should enable the Association to plan and prepare short (annual), medium (5 years) and long-term budgets (30 years) for maintenance expenditure.
- Should provide costing information which should facilitate the integration of the financial planning of the maintenance programme with the Association long-term global planning arrangements.
- Should generate reports for staff and committee
- Should provide information to Communities Scotland and private lenders that the Association is securing the value of its investment assets by making adequate provision for future repairs and complying with SHQS.

- Should satisfy the Scottish Government regulator that Association is in control of its income and expenditure stream. With planned and cyclical maintenance becoming an increasing component of the association's expenditure stream, the contribution of the system to the long-term viability of the association will become increasingly significant.
- The Association's planned and cyclical maintenance system should be easily understood, contain accurate information which can be easily updated, and should be capable of operating automatically with minimum regular supervision.
- The Planned and cyclical maintenance system should run on an integrated software programme which should meet all the requirements described above.
- Clear arrangements and procedures for consulting with tenants and owners with regard to the future programme priorities and standards of repairs and improvements.
- Our Planned & Cyclical programme shall be reported to our Governing Body, who must approve our programme at the commencement of each planning period (financial year) along with medium term (5 year) proposals.

6.2.2 The fundamental component of our planned maintenance system is the **IBS Planned Maintenance module**. The Association's planned and maintenance programme and associated financial planning arrangements will be based on this system, the details and requirements of which are set out below:

- a stock profile, providing details of design, specifications and building components used in construction
- assumptions about life cycles of components and elements in each property
- assumptions about the future cost of replacing each element in each property
- Ability to generate reports, at least 30 year cashflows, for long-term financial planning
- Should provide an elemental and property computerised coding system for job orders, invoicing, generating reports and allocating costs against each property, enabling factoring costs to be extracted and identified separately.
- Scope to enable new projects to be easily added to the system

The system is to be integrated with the Association's global software system covering finance, housing management and reactive maintenance, using compatible

codings for job orders, invoices and work elements, contributing to a commonly accessible database facilitating internal financial planning, the cross-analysis of maintenance data, and external communication with tenants.

The system is capable of being operated with minimum supervision by trained Association staff, should be capable of being easily updated with new projects and should allow a variation in component life cycles.

### 6.3 Exclusions

6.3.1 A Planned & Cyclical maintenance system based on LCC is a relatively closed and self-operating system based upon standard assumptions. Nevertheless, as set out in Section 4.2, the life of components is not the only variable determining the programme of works and major repairs may be carried out for the following reasons:

- Significant building defects
- Poorly performing components
- Statutory & legal requirements
- Abuse & vandalism
- To enhance demand, quality and sustainability of housing stock
- Tenant consultation

6.3.2 Works carried out for the above reasons must be clearly documented with clear rationale for doing so, as do works proposed for life cycle reasons require to be supported by inspections to determine the need for replacement. In circumstances where the major repair programme varies from life cycle assumptions the LCC system should be updated accordingly.

6.4	<b>Outcomes</b>	<b>Measurement by</b>
	Long-term financial planning	30-year budgets
		Affordability
	Prediction of future maintenance	LCC, Reports for Staff & Committee, computerised database
	Stock condition database	Regular stock condition surveys
	Standard of repair & quality of	Tenant satisfaction

Housing stock	Comply with landlord's statutory & legal obligations
	SHQS Compliance
	Quality of housing stock
Safety of housing	Regular service checks & reports
Tenant and Owner consultation	Accurate advice & consultation based on sound planning system

## 6.5 Policy & Procedure Links

### 6.5.1 Service Links

- Maintenance Policy
- Cyclical maintenance/Service contracts policy
- Life Cycle Costings
- Stock Condition Survey
- Factoring Policy

### 6.6 Corporate Links

- Sustainability Policy
- Tenant Participation Policy
- Customer Care Policy
- Financial Planning Policy
- Business Plan
- Performance Management Framework

### 6.7 Good Practice Guidance

- Raising Standards in Maintenance (SFHA)
- Planned Maintenance & Repairs (Revised) Guidance

### 6.8 Key Regulation & Performance Standards

The Association shall carry out self-assessments to determine where we meet the Performance Standards applicable to our planned and cyclical maintenance system.

## **7. Planned Maintenance: Product**

### **7.1 Activity Objectives**

To provide homes which are safe, warm & healthy, and which meet the needs and aspirations of our tenants.

To meet our legal and statutory obligations in respect of the standard of repair of our housing stock

To continuously improve the physical quality of our housing stock

To provide high quality, Sustainable housing

### **7.2 Actions**

7.2.1 We shall pursue these objectives by the following actions:

- Guided by our LCC we shall replace and renew the fabric and components of our buildings when they have reached the end of their useful life
- We shall rectify properties in which defects are apparent or which have been abused or vandalised
- We shall ensure our properties meet current building standards, safety regulations and landlord's statutory obligations to repair.
- We shall have standard specifications and design standards which reflect the our commitment to providing high quality, sustainable homes
- We shall provide a physical quality of buildings which meet SHQS, tenant's aspirations and needs, and taking cognisance of Housing with Varying Needs requirements.
- We shall meet sustainability standards in housing, giving particular priority to achieving high standards of energy efficiency.
- We shall deliver physical quality via our procurement and planned maintenance system.
- We shall consult with tenants with regard to their aspiration for the physical quality of their homes.

### **7.3 Exclusions**



We shall consider the extent to which we improve quality of our housing in the context of a stock management strategy which takes account of future demand and stock management priorities

We shall consider the extent to which we improve our housing in the context of wider area regeneration proposals which may influence its projected useful life.

<b>7.4 Outcomes</b>	<b>Measurement by</b>
Physical quality	Tenant satisfaction
Of housing stock	Demand & lettings
	Stock condition surveys
	Whole life costings
	Life cycle costings
	Secured by Design
	SAP Ratings
Continuous improvement	Value engineering
	Tenant's surveys
	Benchmarking

#### **7.5 Policy & Procedure Links**

##### **7.5.1 Service**

Maintenance Policy

#### **Corporate Links**

Sustainability Policy

Housing Brief & Standard Specification

Factoring Policy

Tenant Participation Policy

Customer Care Policy

#### **7.6 Good Practice Guidance**

Raising Standards in Maintenance SFHA/Communities Scotland

Planned Maintenance & Repairs (Revised) SFHA Guidance Booklet No. 3

Sustainable Housing Design Guide, Communities Scotland

Housing Quality Assessment Programme

#### **7.7 Key Regulation & Performance Compliance**

The Association shall carry out self-assessments to determine where we meet the Performance Standards and SHQS requirements applicable to the quality of housing we provide.

## **7.8 Statutory & Legal Obligations**

The physical standard of the Association's housing must comply with the statutory and legal obligations set out in the following legislation and Codes of Practice:

Housing (Scotland) Act 2001

Housing (Scotland) Act 1987

Civic Government (Scotland) Act 1982

Public Health (Scotland) Act 1987

Occupiers Liability (Scotland) Act 1960

Elderpark Housing Association Tenancy Agreement

The Gas Safety (Installation & Use) Regulations 1998

Building Standards (Scotland) Regulations

Construction Design and Management Regulations 1994

Scottish Housing Quality Standards 2015

The Control of Asbestos Regulations 2012

## **8. Funding Arrangements**

### **8.1 Planned Maintenance**

The main source of funding for Planned Maintenance is rents. The Association makes provision for meeting the cost of the Planned & Cyclical programme by making annual contributions from our rental income. The LCC identifies the finances to be met by the Association's rent setting policy.

It is anticipated that planned and cyclical maintenance expenditure will grow as the Association's new build and improved stock ages and matures over time and the requirements of meeting the SHQS materialise. The requirements of the programme should therefore be integrated into the Association's global financial planning arrangements.

The LCC system will produce information for Association's Finance Section detailing the funding requirements for each property. These reports are intended for incorporation into the Association's financial planning arrangements.

The planned maintenance costings shall be subject to yearly review and updated on the basis of:

- The actual programme
- Short and medium term priorities for the programme
- The addition of new projects
- Changes in specifications

- **New statutory requirements**
- Changes in replacement period assumptions
- Financial assumptions i.e. inflation rates, interest rates

## 8.2 Cyclical Maintenance

The cost of cyclical maintenance service contracts should be met from rents.

The Association will plan to meet future cyclical maintenance costs using estimates based on current year's expenditure as the base cost which should then be inflated over the period of the programme, taking account of stock growth projections.

Some service charges, however, will be identified as a separate rental charge and therefore such charges should be used to pay for the services to which they refer

Service charges to owner-occupiers should be identified separately and recovered from the owners concerned.

## 8.3 Major Repairs HAG

The Association shall follow the procedure set out in SHGN 95/18 when applying for Major Repairs HAG. It should be noted, however, HAG is not always made available for major repairs and that Association may have to consider the following alternative sources of finance, such as:

### **Transfers from the Rent Surplus Fund (RSF)\***

**Free reserves**

**Loans**

\*the arrangements for designating sums for the RSF for Major Repairs are set out in SHGN 96/14.

The RSF is not directly related to the future maintenance requirements for old HAG schemes and to overcome this problem we shall include such schemes in our Life Cycle costings in order to compare the sinking fund requirement with the amounts generated by the RSF. By doing so we shall be in a position to compare the adequacy of the RSF to meet our maintenance costs and to develop an alternative funding strategy in the case of shortfalls.

## 8.4 Funding Improvements

The funding of improvements to properties, as upgrades as part of replacement work, to meet statutory requirements and SHQS, may require be met by loan finance and increased rents. Decisions about additional finance must be taken corporately by the Association, taking account of our Rent Setting and Private Finance Policy.

## 8.5 Defects

In accordance with contractual obligations and responsibilities, the Association will look to the contractor to meet the cost of defects in properties, and will consider legal action if this avenue fails. However, the Association should not consider legal action lightly as contractual litigation can be a long, expensive, and ultimately unsuccessful measure. In situations where legal action is being considered the Association should weigh the balance of probabilities between success and failure and decide accordingly. If legal action is deemed too risky the Association should look to other means of financing the necessary remedial work.

In cases where a design fault has been identified the Association should look to the Professional Indemnity Cover of the designers concerned as a means of funding any remedial works.

In some schemes involving shared ownership, Design & Build and improvement for sale the association has taken out Third Party Warranties with insurance companies such as NHBC and Zurich. The Association should look to these warranties as a means of funding defects.

## **8.6 Debt Funding and Refinancing**

The Association may consider debt funding of planned maintenance where there is a shortfall from our own resources, but the additional loan finance must be considered in the context of its impact on rents and affordability, as well as on the security cover of its assets.

The Association may consider borrowing to fund planned maintenance, but this is financial planning decision which must be considered carefully in the context of our Treasury Management Policy and Borrowing Strategy, the relative financial costs associated with both options, and the availability of loan finance when it is needed.

## **9. Consultation Arrangements**

### **9.1 Tenants**

The Association shall consult with tenants in relation to all aspects of its Planned & Cyclical Maintenance activities. We shall seek tenants' view on programming, the nature and quality of the works to be carried out and the choices available to them. We shall seek tenants' feedback on our performance in delivering our Planned & Cyclical maintenance service. We shall communicate with tenants using appropriate media.

### **9.2 Owners**

We shall consult with owners whose properties we factor or who are expected to participate in our Planned and Cyclical maintenance programme, as early as possible. As with tenants we shall seek the views of owners on our proposals and advise them

of the choices available to them. We shall also seek feedback from owners who have participated in our programme.

We shall not proceed with works to owners' properties if, for legal reasons, we require their consent and this is not given.

Prior to proceeding with work to owners' property we shall advise them of the cost and put in place a legal document to ensure that we recover any costs that the Association may be required to pay on their behalf.

We shall have written procedures covering all aspects of owners' participation in our Planned & Cyclical maintenance programme, including consultation, agreement to proceed with works and the recovery of owners' costs.

### **9.3 Housing Services**

We shall consult with our Housing Services section on all aspects of our programme and agree priorities and arrangements in relation to:

- Stock Management priorities
- Programming of the works
- Tenant and owner consultation
- Factoring charges and payment arrangements
- Reactive repair feedback
- Specifications
- Stock condition

### **9.4 Finance**

The Maintenance Department shall provide finance with short (1 year), medium (5 year) and long-term (30 years) cash flows providing details of the works to be carried out, and their estimated cost. These cash flows shall inform our financial planning arrangements.

The Maintenance Department shall agree annual budgets for the programme with the Finance Department, the overall budget having been discussed by the Management Team and agreement received from the Management Committee. Both Departments shall jointly monitor spend on annual budgets.

The Maintenance Department will work closely with Finance to identify funding arrangements for the programme, including funding sources.

The Maintenance Department shall prepare Final Accounts for owner' participating in the programme and pass these to finance for invoicing purposes.

### **9.5 Key Performance Standards**

Our tenant participation, consultation and feedback arrangements shall comply with the following key standards:

**GS2.2 Tenant Participation**

**GS3.1 Responsiveness to service users**

**10. Approval & Governance**

10.1 Our Management Committee is responsible for all aspects of our planned maintenance activity. Approval from the Committee must be given for the following:

Procurement arrangements and strategies  
Annual programmes and budgets  
Approved Lists of Contractors and Consultants  
Specifications and scopes of works  
Contracts and appointments  
Funding proposals

10.2 In order to facilitate decision-making the Committee will receive reports on the above and also Performance Review reports, including tenants' feedback, contractor and consultants' performance and Key Performance Indicators.

**Selection of Planned & Cyclical Maintenance Contractors**

This policy establishes the framework within which the Association selects contractors for cyclical and planned maintenance projects. The policy sets out performance criteria to be used in the selection process and with different procurement arrangements.

**1. General**

1.1 The Association has written procedures for monitoring and evaluating contractors being considered for maintenance projects.

The Association's Maintenance Department will be responsible for ensuring that contractors are selected taking into account these evaluations.

1.2 The Association will select contractors in a fair, open and accountable manner. The Association selection procedures will be transparent and auditable and should aim to achieve and demonstrate best value and continuous improvement. (Scotland Procurement Act 2014)

1.3 The Association will seek to become a "best practice" employer and its maintenance policies and procedures will aim to comply with all guidance, codes of

practice and European and Scottish Procurement Directives relevant to its obligations in this respect.

1.4 In considering the size and nature of our cyclical and planned maintenance programme, when selecting firms the Association will seek to incorporate the principles and best practice recommendations of the Egan (Rethinking Construction, 1998) and Latham (Constructing the Team, 1994) reports on procurement in construction. Particular reference should be made to Scottish Homes Policy Advice Note Procurement and Partnering and to Development – Procurement of Contractors (SFHA, Raising Standards in Housing).

1.5 The Association will adopt an integrative approach to selecting contractors. Firms will be assessed in terms of their ability to meet the Association's needs over a comprehensive range of performance standards. These standards will cover the requirements of the Association as a whole and its various sections.

1.6 The Association's Selection and Approval Procedures will comply with Schedule 7 requirements.

## **2. Planned Maintenance Work: The Association's Requirements**

2.1 The scope of the Association's maintenance programme is complex. Accordingly, the Association will use different procurement methods, which range from tendering, negotiation to partnering (maximum period of 6 years).

2.2 Given this the Association will select a Procurement Strategy or contract to suit the specific requirements of the individual project.

Likewise the nature of the service required from a contractor will also vary from project to project. The Association recognises, therefore, that a firm selected for one type of project may not be suitable for another, and vice versa.

2.3 Because its contractual requirements vary from project to project the Association, although operating a standing list of approved contractors, may need to seek the services of additional contractors. Contractors will be selected on the basis of their suitability for individual projects. The Contractor's Selection and Appraisal Procedures will be applied to determine the contractor's suitability for the project.

## **3. Procurement Strategy**

3.1 The selection process for contractors will form part of the project Procurement Strategy, which will vary from project to project, and likewise the selection process will also vary. The manner in which the contractor's selection process complements the Procurement Strategy must be clearly demonstrated and the reasons for choosing a particular selection process clearly set out in written documentation.

3.2 The Association regards fair competition as the most effective means of procuring a maintenance contract.

However, in specific circumstances the Association may select non-competitive procurement strategy such as negotiation.

3.3 Where a solely price competitive route has been chosen the Association will normally select a tender list. (Normally Public Contracts Scotland Quick Quote)

The size of the tender list may vary in exceptional circumstances. The reasons for the variation must be clearly demonstrated.

3.4 The Contractors Selection and Appraisal Procedures will be used to select firms for tender lists. (Scotland Procurement Act 2014)

3.5 The procedure will also apply to firms being considered for non-competitive procurement routes.

3.6 The Association recognises, however, that price competition alone fails to address the key recommendations of the Latham and Egan reports, which propose that the most effective way of obtaining best value from the procurement process is to start with a quality based selection method for contractors.

3.7 In accordance with the recommendations of the Egan and Latham reports the Association's preferred Procurement Strategy for a particular project may involve the selection of a Partnering contractor. The Association will adopt a quality-based selection process when selecting a partnering contractor.(Public Contracts Scotland) The selection process will follow the good practice guidelines set out in Raising Standards in Development ( and Procurement and Partnering .

#### **4. Performance Criteria for Contractors**

4.1 The Association will monitor and evaluate contractors against a number of performance criteria. These criteria will change from time to time depending on prevailing codes of conduct in the building industry and the dynamic needs of the Association.

4.2 The weighting given to different performance criteria will be determined by the specific needs of the project and the Procurement Strategy adopted for the project. In quality-based selection processes the performance criteria should be clearly established at the outset with the weighting and importance allocated to specific criteria clearly understood by those involved in the selection process.

4.3 The Association will select contractors on the basis of the following performance criteria:-

- Value for money



- Ability to Partner
- Quality of product
- Quality of service, organisation and resources
- Management of contracts
- Cost control
- Constructive co-operation
- Financial standing and trustworthiness
- Eligibility to provide Third Party Warranties and Performance Bonds
- Health & Safety
- Commitment to sustainability
- Sub-contracting policy
- Ability to contribute to local economic regeneration, such as employment training initiatives (community benefit)

4.4 Firms being considered for Tender Lists, for either price or quality-based selection methods will be assessed against this performance criteria.

4.5 Contractors selected by the Association will be required to comply with current legislation, statutory requirements and European Directives covering the building industry.

4.6 Contractors will be required to comply with the Construction (Design and Management) Regulations 1994. Firms will be expected to have a sound Health & Safety record.

4.7 Firms employed by the Association will be encouraged to make a positive contribution to the regeneration of the area. This contribution could take the form of participation in employment training initiatives or the use of local labour and sub-contractors.

4.8 The Association will seek to become an Equal Opportunities Employer, both in terms of its obligations under Contract Law and European Directives but also in respect of “good practice” as outlined in the publication “Building Equality (SFHA, 1997)”. The Association will aim to promote equal opportunities in its selection and appraisal procedures for contractors. Contractors will be asked to provide a statement detailing the action they are taking towards meeting their obligations as an Equal Opportunities Employer. These statements will be used by the Association when assessing the suitability of firms for employment.

4.9 The Contractors Selection and Appraisal Procedures will outline systems to monitor and evaluate contractors against the performance criteria detailed in this section.

## **5. Contractor's Database**

5.1 A written history will be kept of all contractors who have previously worked with the Association. The history will include a record of the contractor's work for the Association and an appraisal of his performance against the criteria detailed in Section 4.

5.2 All construction firms who approach the Association for work will be asked to complete a Contractor Information Sheet. This will provide detailed information on the contractor's previous projects and clients and any other relevant information.

5.3 The Association's Maintenance Section will be responsible for maintaining the Contractor's Database.

## **6. Approval Procedure**

6.1 Contractors selected for projects must be approved by the Association's Committee. The Committee will consider firms for appointment or inclusion on tender lists on the basis of detailed reports, including performance assessments.

6.2 Tender reports, for either price or quality-based selections, must be approved by the associations Management Committee.

*If you require this policy in a different format please ask a member of staff*

**Date of Approval**  
**September 2019**

**Review Date**  
**September 2022**