

# Workshop 3e:

Knowing your Schedule of Rates – What is new in  
2015

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Chaired by: Nick Wood, Checkmate Housing  
Room: Harewood Room



National Housing Maintenance Forum

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# **Knowing your Schedule of Rates – What is new in 2015**

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# Topics for Discussion

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- ☐ Recap on changes in Version 6.2 and NHF Form of Contract 2011 (rev 4.:2014)
- ☐ Issue of the NHF Form of Contract 2011 (Rev 5:2015)
- ☐ How Auditing, Queries/Questions and Training reveal a lack of knowledge on the inclusive nature of the Schedule of Rates.
- ☐ What changes do we need to make for Version 7 (due to be issued at the conference in 2016)
- ☐ The NHF Minor Works/Service Level Agreement 2015 Documentation
- ☐ The PPP/PPV Pricing Addendum Documentation
- ☐ The TPC 2005/NHF Schedule of Rates Documentation










# Recap on changes in Version 6.2 and NHF Form of Contract 2011 (rev 4.:2014)

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- Changes in legislation
- Additional contract clauses and preliminary items arising from procurement requirements
- Implications of E-tendering
- Changes in evaluation procedures
- Requests for additional SoR items
- Clarification on measurement rules
- New Specification sections












# All modules were affected (1)

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-  Responsive Maintenance and Void Property Works
-  Repairs Ordering Schedule
-  VIPER Voids Ordering Schedule
-  Planned Maintenance and Property Reinvestment
-  Cyclical Redecoration and Pre-Decoration Repairs
-  Disabled Adaptations
-  Fire Safety Works
-  Retrofit Works
-  Estate Services (Grounds Maintenance, Building and Window Cleaning)

# All modules were affected (2)

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-  Communal Mechanical and Electrical
-  Gas Appliance Servicing and Maintenance
-  CCTV
-  Communal TV
-  Controlled Door Entry
-  Fire Alarms
-  Lifts
-  Solid Fuel Appliance Servicing and Maintenance
-  OAP Alarms and Warden Call
-  Water Hygiene
-  Asbestos Remediation Works

# Summary of Changes in Version 6.2

Invitation to Tender:	Implications of E-Tendering; Evaluation Criteria; New Clauses on Social Value; Energy Efficiency and Green Deal; Branding; Expansion of Scope of Works to cover co-ordination on Asbestos, Gas and Communal Mechanical and Electrical;
Contract Conditions:	Additional and Amended Definitions; Payment Clause redrafted to accord to the latest Construction Act; linking part of payment to KPI Performance; TUPE Regulation Changes; other Minor Amendments;
Preliminaries:	Co-ordination on Asbestos Surveys and Asbestos Encapsulation and Removal Works; DBS in lieu of CRB checks; amendments to reflect Appointments and Access Arrangements; Real Time reporting and Monitoring; introduction of Real Time Customer Satisfaction Surveys; new Appendix on "Health and Safety Hazards and Risk Register" ; new appendix on Social Value;

# Summary of Changes in Version 6.2

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<b>Contract Details:</b>	Amendments in respect of Scope of Works; Social Value; Break Provision; IT Links; OOH Call Handling; Co-ordination with Client's Asbestos Consultant and Asbestos Service Provider; Appointment making process; Customers contact, Service Provider to collect Customer Satisfaction data; and other cosmetic changes
<b>Specification:</b>	Redrafted Heating Specification including specification for EPC's; Maintenance of Micro-generation Maintenance of Electrical Power generation Installations; and Performance Specification for Replacement Windows and Doors;
<b>Schedule of Rates:</b>	New measurement rules on Roofing and Cleaning and Clearance; Clarification that removal and disposal of non –notifiable asbestos cement materials is deemed to be included in rates;



# Summary of Changes in Version 6.2

	ADDITIONAL ITEMS	
Schedule of Rates:	Joinery;	16
	Plasterwork;	1
	Painting and Decorating;	8
	Glazing;	8
	Plumbing;	45
	Heating;	4
	Electrical;	22
	Special Treatments;	10
		114

# Issue of the NHF Form of Contract 2011 (Rev 5:2015)

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<b>Amendments to Definitions:</b>	<b>DBS Checks;</b> Clarification, <b>Group;</b> Arising from the implementation of the Co-operatives and Community Benefit Societies Act 2014, <b>SWMP;</b> Now deleted as no longer a legal requirement, <b>Tenure;</b> definition expanded to cater for different tenure types.
<b>Contract Conditions:</b>	<b>Cosmetic changes;</b> <b>Best Value;</b> Removal of best value inspection requirements, <b>Incentive Payment;</b> New process <b>Mobilisation and TUPE Costs;</b> Made into a separate Clause. <b>Set-off;</b> Amendment to what Clauses it can be applied to

# Issue of the NHF Form of Contract 2011 (Rev 5:2015)

Preliminaries:	<b>Cosmetic Changes;</b> <b>DBS Checks;</b> Redrafting of requirements, <b>CDM Regulations;</b> Changes in effects of the 2015 Regulations, <b>Asbestos:</b> Co-ordination with Asbestos Consultant and Asbestos Licensed Service Provider, <b>Party Wall:</b> Redrafting of requirements <b>SWMP;</b> Now deleted as no longer a legal requirement, <b>Service Provider's Own Post Inspections;</b> Redrafting of requirements, <b>Customer Satisfaction and Order Completion;</b> Redrafting of requirements, <b>Appendix 2 - Health and Safety Hazard and Risk Register;</b> Additional references to legislation, <b>Appendix 4 – Social Value;</b> redrafted
KPI Framework:	<b>Incentive Payment;</b> New process

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**How Auditing,  
Queries/Questions and  
Training reveal a lack of  
knowledge on the inclusive  
nature of the Schedule of  
Rates.**

# Auditing

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- ❏ Lack of dissemination of information to the “man on the ground” in respect of measurement rules, content of schedule of rates items and inclusive nature of the rates themselves.
- ❏ Problem arises because of:
  - Introduction of PDA’s limits description length to “Property History File 1 Liner”
  - A number of the PDA systems do not allow searching to find alternative/best suited schedule of rates items.
  - Operatives just provided with a generic description of repair and not given access to any schedule of rates information.
  - Operatives and sub-Service Providers moving from employer to employer taking bad habits with them.
  - Sub-Service Providers seeking to recover under-recovery of costs, by job building either with by claiming additional quantities, or items already deemed to be included.

# Typical items of overclaiming

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- Quantities claimed not in accordance with Measurement rules
- Making good
- Turn on/off and draining down
- Latex levelling screed to tile/sheet flooring
- Daywork claimed in lieu of SOR items
- Remove and relay floorboards, remove and refix duct and bath panels
- Client inspection, and job done
- Ease and adjusting doors claimed on new doors, repairs to doors, and ironmongery
- Adjusting heating systems or clearing airlocks claimed with items done [ie renew pump, renew motorised valves, overhaul radiator valves]

# Typical items of overclaiming

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- ❏ Refixing taps claimed when overhauling taps
- ❏ Clear blocked downpipes when gutter clearance also claimed
- ❏ Claiming a number of wc cistern components when doing an overhaul cistern item
- ❏ Claiming for demolition prior to rebuilding
- ❏ Claiming for renewing ironmongery when overhauling windows
- ❏ Claiming for silicone sealant when overhauling windows
- ❏ Claiming for additional costs of materials
- ❏ Claiming for MCB's, RCBO's etc when renewing a CCU

# Queries and Questions

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- ❏ M3 has a formal process for the asking of questions and requests for clarification.
- ❏ This process requires both Client and Service Provider to be in the “loop”, so that the formal response is given to both parties at the same time.
- ❏ The questions raised are basically the same ones asked since the NHF Schedule of rates came into being in 1993: examples:
  - We have been asked to renew fencing where is the item in the SOR for its removal
  - Do we pay (do we get paid) for scaffolding, and if so from what level etc., etc.,

All that the questions reveal is that there is a lack of understanding that needs to be addressed by Training.



# Training

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- ☐ Undertaking training on the use of the NHF Schedule of Rates has revealed:
  - that Client's and Service Provider's Staff are also unaware of the inclusive nature of the Schedule of Rates, meaning of definitions, defects liability, procedures for self-authorisation of variations, and approval of variations above self authorisation level
  - They have their own perception of what is included, allowable or disallowable on the basis of what previous Employers (whether Client or Service Provider) had in their contract or got away with.
  - Training needs to be done on a continuous basis, as Staff leave or are redeployed to other contracts and are replaced with Staff who have had no training at all

# Key Definitions

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- Each item in the Schedule of Rates represents the entire work content of the particular repair set out in the Schedule of Rates item.
- The Service Provider is deemed to have included for all ancillary items that they consider are necessary to achieve the particular repair even though those items are not specifically referred to in the Schedule of Rates item (*i.e. description*).
- The selection of the Schedule of Rates codes to be used in the evaluation of any Works Order shall be at the sole decision of the Client's Representative. (*i.e. CR decides what code he will pay service Provider, not the Service Provider*)

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# Key Definitions - Example

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- 🏠 The Schedule of Rates contains composite items which are designed to cover a number of potential repairs to a particular component or installation e.g Overhaul WC pan.
- 🏠 When a composite item for repair is ordered the Service Provider is required to carry out all necessary repairs as may be required to the component or installation in order to effect a complete repair.
- 🏠 If there is a subsequent fault to the same component or installation and such fault is, in the reasonable opinion of the Client's Representative, deemed an integral part of the composite repair item and should have been attended to at the previous visit, then the Service Provider shall carry out such repairs as a recall and at no extra cost to the Client.

# Key Definitions- Specification

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- ☐ All workmanship and materials to be used in the Contract are to be the best of their respective kinds and where a BS, Specification or Code of Practice is applicable, whether specifically noted or not, this shall be taken to denote the minimum acceptable standard of material or workmanship
- ☐ All existing lines and levels are to be maintained at all times and new work shall be carried through to the same lines and levels unless otherwise directed by the *Client's Representative*.
- ☐ It is a requirement that all work shall be carried out in accordance with the best possible building practice and methods.



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# What is included in the Rates

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The rates (and any percentage adjustment) are deemed inclusive of all:

- ☞ Labour
- ☞ Materials
- ☞ Plant
- ☞ Transport
- ☞ Job overheads
- ☞ Central/Head Office overheads
- ☞ Profit
- ☞ Pre-Inspection
- ☞ Waste and Rubbish Removal (see later slide for clarification)
- ☞ Work involving non-notifiable asbestos containing materials
- ☞ Means of Access to the Ridgeline of 2 storey dwellings or block



# What is included in the Rates

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## Pre-Inspection

- ☐ Orders will not normally have been the subject of pre-inspection and therefore the Order may only be indicative of the Work required.
- ☐ Therefore the Service Provider is required to allow for any pre-inspection and/or identification of the Work required within their tendered rates.

# What is included in the Rates

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The rates (and any percentage adjustment) are based on standard minute values (time from arrival to establish what job is to time on departure having cleaned up).

Travelling time is not included in standard minute values

The hourly rate calculation includes for 10% non-productivity element.

Prices are based on the December 2007/January 2008 rates of pay, NI, materials costs, vehicle and fuel costs etc.,

# What is included in the Rates

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## Deemed Included in Rates

- ☐ Disposal of all *Service Provider* generated debris/waste.
- ☐ Disposal of low volume of previous tenants contents, non approved fittings etc on Void Properties.

## Separate SOR Items

- ☐ SOR Rates for “volume” removal of previous tenants contents, non approved fittings etc on Void Properties
- ☐ SOR Rates for Clearance of fly tipping etc from communal areas
- ☐ Waste subject to environmental disposal regulations is paid as “extra over” on domestic and at full value on communal works

“Skip or equivalent” means other means of disposal – pick up with cage, hippo bags, furniture and white goods recycling (Furniture Resource Centre) are acceptable alternatives

# What is included in the Rates

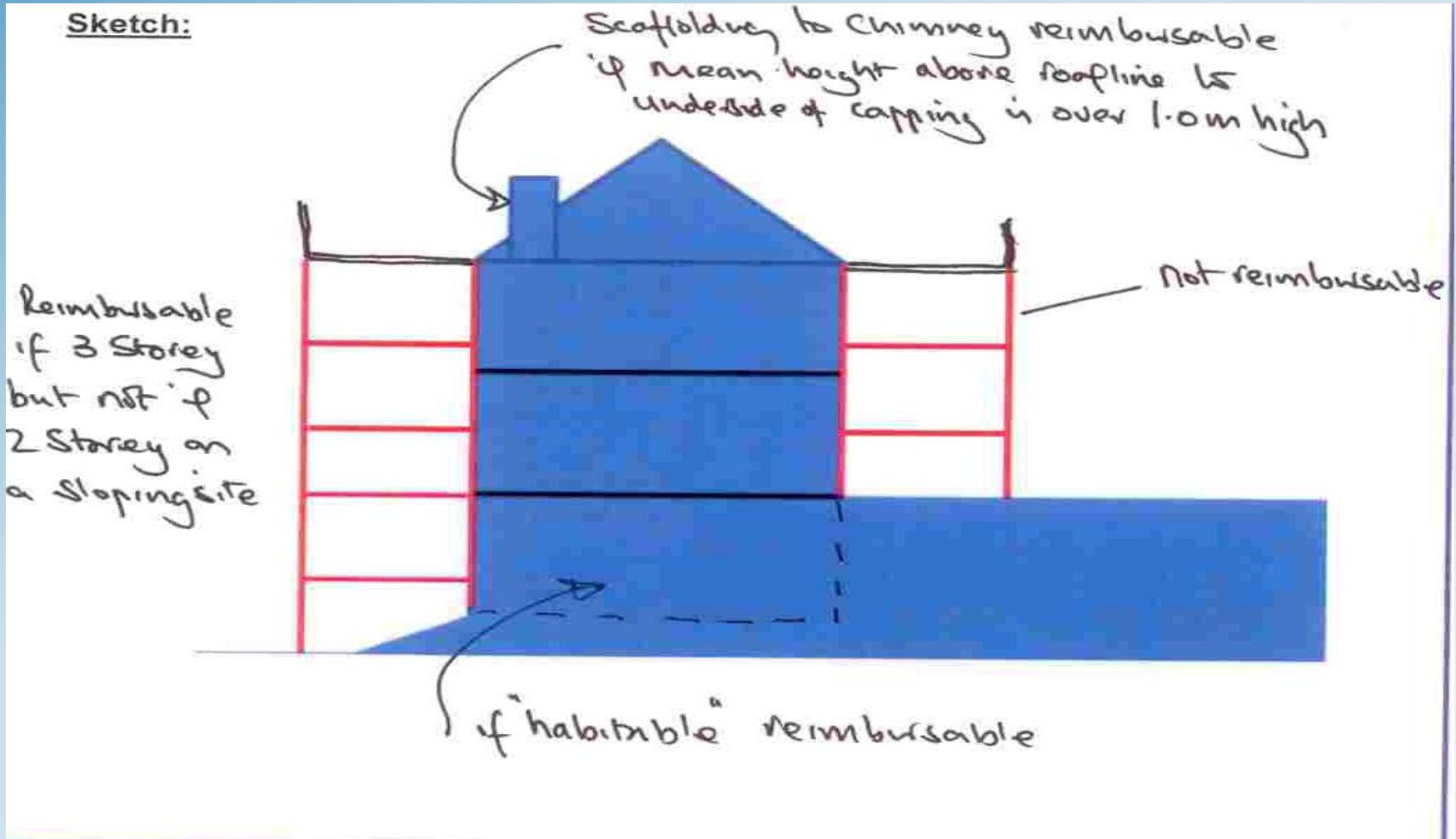
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## Scaffolding and Means of Access

Rates and tendered percentage adjustment are deemed to include for 'working at heights' requirements, Tendered SOR items for over 2 storeys

- ☐ Scaffolding requirements should be agreed and appropriate scaffolding rates used. There are various rates that can be applied for different means of access; tubular scaffold, towers, cherry pickers etc.
- ☐ Where access is suitable the use of cherry pickers might be more expeditious and can also reduce risk of vandalism.

# What is included in the Rates



# What changes for Version 7?

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- ☐ The NHMF Committee and the Contractor Forum will be reviewing the recommended content and evaluation of Version 7 submitted to them by Rand Associates;
- ☐ Version 7 will be based on the rates of labour , material, transport, etc., applicable at December 2015;
- ☐ Disparity between the discounts still offered against Version 6 (December 2007/January 2008 pricing) and RPI/CPI inflation since 2008 of some 20%
- ☐ The Floor is now open for any suggestions as to what we should include or exclude from Version 7:


# The NHF Minor Works/Service Level Agreement 2015 Documentation

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- ❏ A need to have a more simplified form of contract for use by smaller social landlord's and by organisations looking to have a "formal" agreement between their client side and their direct labour organisations or service has been identified, on the basis that the Contracts to be awarded in these circumstances are not likely to be subject to OJEU thresholds or procurement requirements and may not require TUPE.
- ❏ Rand Associates have completed this documentation for comment and review, before publication:
- ❏ The principal changes have been to:
  - rationalise as much as possible the contractual and service requirements in the Contract Conditions and Preliminaries and formulate into a table format for easy reading and editing.
  - format the contract details into a table format for easy reading and editing

# The PPP/PPV Pricing Addendum Documentation

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 The NHMF Committee has identified a need to respond to Social Landlord's seeking to procure and manage contracts utilising an annual Price per Property and Price per Void approach, with the M3NHF schedule of rates being utilised as the payment mechanism for non-standard Works:



# The PPP/PPV Pricing Addendum Documentation

## SCHEDULE OF RATES:

### PROS

Provides cost certainty with no disproportionate allocation of risk;

Tried and Tested;

Costs can be easily benchmarked to show value for money;

Provides accurate data base of repairs carried out;

Costs can be easily established for tenant recharges and leaseholder costs;

### CONS

High variation levels if repairs ordering not managed properly;

Administration costs for variations, invoices etc – mindset of users in looking for variations rather than “swings and roundabouts” approach;

Auditing required by Client to ensure SOR items claimed are correct – Service Providers can code build and cherry pick to cover extra costs;

# The PPP/PPV Pricing Addendum Documentation

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## Fixed Rates (PPP and PPV):

<b>PROS</b>	<b>CONS</b>
Simplified process for Client with, ideally, cost certainty;	Costs could be higher as a result of Service Provider risk;
Service Provider taking the risk on much of the work;	Excessive gain for Service Provider if work profile changes or decreases;
Office cost savings for Client;	Losses for Service Provider if work profile changes or increases with likely Service Provider claims;
SOR used for works excluded from fixed rates;	Lack of detailed knowledge of work carried out to the stock;
.	Administration of SOR required for works outside of fixed rates;

# The PPP/PPV Pricing Addendum Documentation

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## **BENEFITS OF PPP/PPV to Client**






-  Simplified administration
-  No need to authorise low value variations
-  One payment per month for bulk of works
-  Control of budget
-  Ability to set more realistic budgets for affordable and sheltered and supported
-  Monitor trends to renew rather than repair.
-  Monitor trends to repair rather than renew.

**CAN YOU SUGGEST ANY OTHER BENEFITS??**

# The PPP/PPV Pricing Addendum Documentation

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## **Benefit of PPP/PPV to Service Provider**

-  Monthly payment of PPP – saving on financing costs
-  Sensible view of balancing “good” (Financially) jobs against “bad” jobs.
-  More involvement in budget setting and expenditure control
-  Reduce need to agree variations on jobs below capped value – administration saving
-  More empowerment to organise and carry out the Works  
“has the opportunity to do right thing”

**CAN YOU SUGGEST ANY OTHER BENEFITS??**

# The PPP/PPV Pricing Addendum Documentation

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-  Anthony Collins and Rand Associates have addressed this requirement by the production of a set of PPP/PPV Addendum Documentation that would replace the standard documentation in respect of:
- The Invitation to Tender;
  - Contract Conditions
  - Price Framework

# The PPP/PPV Pricing Addendum Documentation

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Invitation to Tender	Basis of pricing; Tender Evaluation; Appendix 2: Example Price Evaluation
Contract Conditions	Definitions of price Per Property, Price per Void, Standard and Non-standard repairs; Clauses governing review of PPP and PPV Clauses governing payment of PPP and PPV
Price Framework	Criteria for Capped Values Facility to price PPP and PPV Definition of what is included and excluded from PPP Definition of what is included and excluded from PPV

# The TPC 2005/NHF Schedule of Rates Documentation

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- ❏ Ever since the TPC 2005 Partnering Term Agreement was developed on behalf of the ACA by David Mosey and Andrew Vickery of Trowers and Hamlins, they have been suggesting to M3 and Rand Associates that a joint version of the TPC 2005 Contract and the NHF Schedule of Rates Documentation should be created to satisfy the requirements of those Clients, whether Social Landlord's or other portfolio holders to have a partnering contract with the "best" schedule of rates documentation around.
- ❏ A facility management for non housing suite of documents has been developed on this basis and is in use with a number of public bodies.
- ❏ Rand Associates have now developed the documentation for Social Housing, which is awaiting for sign off from the TPC 2005 Technical Committee

# The TPC 2005/NHF Schedule of Rates Documentation

NHF Standard Documentation	TPC Standard Documentation
Invitation to Tender	Appendix 8 Term Brief – Part 1 Invitation to Tender Tender Evaluation Criteria; Appendix 10 Price Framework Part 1; Contract Details absorbed into Conditions and Service Requirements;
Articles of Agreement	Term Partnering Agreement
Contract Conditions	Added as Special Conditions to Partnering Contract were not included in standard TPC
Preliminaries	Appendix 8 Term Brief – Part 2 Service Requirements
Technical Specification or Specification of Workmanship and Materials	Appendix 8 Term Brief – Part 3 Technical Specification
Schedule of Rates	Appendix 10 Price Framework – Schedule of Rates