

Overview and Scrutiny Report

Study into Lift Failures in Sheltered Accommodation

5 March 2012



1. Executive Summary

- 1.1 The Lifts Task Group was established by the Council's Overview and Scrutiny Committee to examine the failures of lifts in sheltered accommodation, which had been the subject of a motion to Council in November 2011.
- 1.2 The Task Group found that lifts in a small number of sheltered accommodation schemes were suffering from repeated and in some cases long term breakdown. The consequence of this is that residents have been unable to move around the building where they live and to access the community in a way permitted through access to a working lift. This leads to a risk of social isolation and its attendant consequences. The Task Group found that whilst Officers had put in place a programme of remedial support the substantive proposals for lift refurbishment and replacement, which formed part of the Private Finance Initiative associated with the Council's Quality Homes for Older People project, were not due to begin until at least November 2012.
- 1.3 Since the Task Group began its work, proposals have been developed to bring forward lift refurbishment and replacement out with the Private Finance Initiative. The proposals were costed, included within the Housing Revenue Account Budget and Capital Plan and approved at Council on 15 February 2012. At the time of writing arrangements are being made to procure the work and place an order.
- 1.4 In addition to this, a corporate risk relating to the management and maintenance of lifts has been raised; and an Internal Audit Review originally scheduled for early 2012 has been brought forward and is nearing its conclusion.
- 1.5 The Task Group have also explored the proposed review of Warden Services for 2012/13 and have expressed their wish that Members are appropriately involved and kept informed as that Review progresses. They are mindful of the financial challenges which the Council faces but wish to ensure that a modern and customer focussed service is developed. They were pleased to see the work that is proposed through a Knowledge Transfer Partnership with the University of Northumbria at Newcastle.
- 1.6 The Task Group have made a number of recommendations which relate to:
 - Members being kept informed of progress with the refurbishment and replacement of lifts programme;
 - Members being informed of the progress with the review of the Warden Service;
 - The Cabinet ensuring that any risks of failure to other lifts in the Council's estate are identified and managed appropriately;
 - That the Cabinet ensures that adequate contingency plans are in place in the event that significant capital programmes become subject to delay in future.
- 1.7 The Task Group wish to place on record their sincere thanks to the Officers who have provided them with information and supported them through their

work, and to the Cabinet Member for Housing who has worked in the spirit of partnership with them.

Recommendations

- R1 That the Cabinet ask the Chief Executive to demonstrate adequate contingency plans are in place in the event that any other capital/strategic project becomes the subject of multiple delays or uncertainty in future.**
- R2 Cabinet should oversee the proposals referred to in paragraph 5.2(f) that enable lift refurbishment and repair to be brought forward out-with the PFI programme.**
- R3 Cabinet should ensure that the briefing referred to at paragraph 5.7 is carried out by the Strategic Director of Community Services and the Head of North Tyneside Homes at the earliest opportunity; and that residents and all members continue to be apprised of progress on lifts refurbishment and replacement; and with the ongoing development of the warden service. This should use an appropriate channel such as the Members' Newsletter.**
- R4 Cabinet should ask the Chief Executive to demonstrate that arrangements are in place to ensure that any risks of failure to other lifts across the Council's estate are identified and managed appropriately.**
- R5 Cabinet should ask the Chief Executive to ensure that risks associated with the management of capital projects, wherever they are managed within the Council, are considered for inclusion in the Corporate Risk Register.**

2. Background to the study

- 2.1 This report sets out the findings of an Overview & Scrutiny Task Group's Investigation into the Council's Sheltered Accommodation Lifts; and its associated recommendations.
- 2.2 The following Council Motion received unanimous support at the Council's meeting on 24 November 2012:

"This Council calls for the immediate investigation by the Overview and Scrutiny Committee into the repeated confinement of residents to the upper floors of the Council's sheltered accommodation due to the frequent breakdown of lifts. The Council also calls for the Overview and Scrutiny Committee to investigate, what has been described as totally inadequate by residents, the provision by the Local Authority to give access to the ground floor and help to those residents trapped and unable to move freely throughout the buildings during the day, evening and night."

- 2.3 The cross-party Task Group comprised Councillors Redfearn (Chair), Cox, Caithness, Birkenfield and Finlay.

3. Method

- 3.1 The Task Group met on four occasions and received information from officers in Community Services and North Tyneside Homes. They visited three sheltered schemes which have been most affected by lift failures, alongside Councillor Mason, Cabinet Member for Housing.
- 3.2 The Group also met with Councillor Mason and the Director of Strategic Services to discuss their draft findings.

4. Issue 1

- 4.1 **The Task Group set out to understand how the situation described in the Council Motion arose: that there are have been repeated lift failures in some sheltered schemes, of up to 91 days in one instance, resulting in reduced access for residents and increased risk of harm.**
- 4.2 The Task Group was briefed on the national position for social housing, from the point when North Tyneside's sheltered housing was built. This background information is set out in Appendix One.
- 4.3 In terms of the local picture, North Tyneside's sheltered accommodation was built from the late 1960s through to the mid 1980s. Because of its low rent policy, the Council had limited resources to devote to maintenance of its housing stock and was doing that in an environment of increasing Right to Buy and decreasing stock numbers. It was also a period when the Council devoted significant funding to the mass refurbishment and remodelling of its estates; for example Meadow Well in the mid 1970s and again in the early 1990s. At that time, the sheltered schemes required little attention.
- 4.4 However as the lifts in the sheltered accommodation began to reach the end of their operational life in the late 1990s the limited level of resources meant that they were not prioritised for replacement. A responsive rather than planned approach to repair appears to have been taken. This approach has had a cumulative impact across the estate.
- 4.5 In July 2005 North Tyneside tenants were balloted about the prospect of transferring ownership of the council housing stock. Having voted that the Council continue to own and manage their stock, the Council's approach had to change to ensure that Council's own resources could be used to deliver the Decent Homes Standard (which does not automatically include lifts). A capital programme was put in place and some historic problems with asset management and capital planning in the housing service were corrected. The solution for decency in the sheltered estate was then, and remains now, the implementation of a Private Finance Initiative (PFI).
- 4.6 The original plans for the PFI scheme would have seen work start in 2010. Had this happened, it may have been in time to prevent some of the more

recent failures. However, as a consequence of concerns about the value for money represented by PFI projects, the programme has been delayed by two years. This is the cumulative effect of:

- the delay in 2008 between February and June when HM Treasury sought additional information on the Outline Business Case;
- a full review of the programme conducted by the new administration between June 2009 and February 2010;
- a review of all Operational PFI Projects conducted by the Coalition Government between June 2010 and the Comprehensive Spending Review, published on 20th October 2010;
- a value for money review of all Operational PFI Housing Projects conducted by the Homes and Communities Agency between March and July 2011; and
- the addition of a Pre-Pre-Preferred Bidder Final Business Case which was submitted on 27th October 2011 and is currently with HCA and DCLG.

4.7 These delays have meant that the lifts in our sheltered accommodation estate are now well beyond their usual life-expectancy, and, while being routinely inspected, require replacement.

4.8 Over the last 18 months we have seen an increasing number of lift failures resulting in inconvenience and distress to the occupants of the sheltered schemes. We have seen some accidents occurring directly or indirectly as a result of the lift failures. We have also seen an increase in the cost of maintaining the existing lifts and longer delays in sourcing bespoke parts which are no longer readily available for the lifts which can be up to 40 years old and has outlived its reasonably expected serviceable life of approximately 20 years.

4.9 The Task Group considered that when taken together the delays identified in paragraph 4.6 might have prompted the solution which is now being implemented to have been identified at an earlier stage and so may have avoided the extent of failures in sheltered accommodation which have occurred. This gives rise to questions around contingency planning for future capital and strategic projects.

4.10 A timeline of the key events identified in this section is set out in Appendix Two. A timeline of lift failures by scheme; and proposals for lift refurbishment and replacement is given in Appendix Three.

Recommendations

R1 That the Cabinet ask the Chief Executive to demonstrate adequate contingency plans are in place in the event that any other capital/strategic project becomes the subject of multiple delays or uncertainty in future.

5. Issue 2

5.1 The Task Group set out to satisfy itself that the programme of remedial action in place at the time of the Motion was sufficient:

- **to meet the needs of residents**
- **to reduce the risk of further lift failure; and**
- **to minimise disruption to residents in the event of further failure.**

Remedial Action

5.2 The report presented to Overview & Scrutiny on 15 December 2011 and an update provided to the Task Group on 9 January 2012 illustrated the substantial remedial effort being made to ensure the ongoing safety and comfort of residents in very challenging circumstances.

This includes:

- ongoing resident liaison to assess needs for alternative accommodation; and regular progress reports;
- ongoing work with Kier Lifts to prioritise the resolution of known problems and to identify where problems may occur elsewhere;
- implementation of plans for alternative access for residents in the event of lift failure;
- extension of warden services – both in terms of operating hours and the breadth of their role;
- supplementary caretaker support where required;
- ongoing work to ensure a programme of lift replacements can be implemented ahead of the PFI programme.

5.3 As a result of their visits to three schemes on 9 February 2012, on which they were accompanied by the Cabinet Member for Housing, the Task Group concluded that since there was significant disruption and inconvenience to residents the work of refurbishment and replacement should be brought forward.

Additional Budget 2012/13

5.4 The Task Group noted that provision of £300k was made in the 2011/12 budget for additional lift maintenance in anticipation of lift problems described above. This had followed surveys of all the sheltered accommodation lifts, which had taken place to facilitate the transfer of lift maintenance from Stannah to Kier. The Task Group has seen that this expenditure has helped to provide temporary lifts, part refurbish lifts, and to provide the remedial support described in paragraph 5.2 above. Officers have assured the Task Group that some of the parts purchased using this provision can be retained as spares for use when refurbishment and replacement is finally complete.

Impact of proposals to review warden services in 2012/13

5.5 The Task Group sought assurance that the proposals contained in the Budget for 2012/13 for a reduction in the number of sheltered scheme managers will not impact on the Council's ability to provide supplementary warden services during this period of lift failures, nor lead to any longer term risks of social isolation such as those being experienced during periods of lift failure. The Task Group met on 20 February with the Strategic Director for Community Services and the Cabinet Member for Housing to explore this.

5.6 The Group was pleased to receive assurance that there are sufficient staff within North Tyneside Homes to provide the required support, and that in

relevant schemes, platform lifts are being provided as a viable temporary solution.

- 5.7 The Director reported that consultation with residents was under way with the objective of establishing longer term warden arrangements that reflect the views and needs of our tenants, which are fair to the team, and which we can afford in the context of reductions in local authority finance. By the end of 2012 residents should be able clearly to see what service they receive, what it costs and who their warden will be. The Director intends to ensure all Members are briefed on the proposals.
- 5.8 This process will be supported and informed by a Knowledge Transfer Partnership between North Tyneside Council and the University of Northumbria at Newcastle.

Risk Management and Internal Audit

- 5.9 Since the Motion was made to Council a new **Strategic Risk** relating to Lifts in Sheltered Schemes has been raised; and an **Internal Audit Report** which was planned for 2012 by the Strategic Director of Community Services was brought forward to begin immediately.
- 5.10 The new **strategic risk** states ‘that due to the age of the current lifts installed within council owned sheltered schemes there is an increased possibility that they may fail before planned PFI improvements are complete causing disruption and putting users at risk’. It is categorised as A2 – one of the highest category risks – because residents have been injured and because HSE notifications have been issued.
- 5.11 The **risk management plan** identifies a series of new controls that are designed substantially to reduce the risk through lift replacement – initially with temporary ‘platform’ lifts in some cases, but moving towards a permanent solution ahead of the current PFI timetable. A copy of the risk management plan is attached at Appendix Four.
- 5.12 The scope and coverage of the **Internal Audit** is to:
- Examine and critically appraise the processes and procedures in place for the scheduled maintenance of lifts within the Council’s sheltered accommodation establishments. This will include a review of procedures for maintaining an inventory of lifts, and appropriate records of lift maintenance including hierarchies for decision making and the roles and responsibilities of officers involved; and
 - Review and evaluate the system for the receipt of the various lift inspection and servicing reports into the Council; and the effectiveness of the Council’s processes for responding to these.
- 5.13 An **Internal Audit review** is underway into the processes in place within Council for the maintenance of lifts within sheltered accommodation establishments. The Audit Commenced on 22 December 2011 and at the time

of writing is being finalised. The Audit Report has therefore not been reviewed by the Lifts Task Group.

Recommendations

- R2 Cabinet should oversee the proposals referred to in paragraph 5.2(f) that enable lift refurbishment and repair to be brought forward out-with the PFI programme.**
- R3 Cabinet should ensure that the briefing referred to at Paragraph 5.7 is carried out by the Strategic Director of Community Services and the Head of North Tyneside Homes at the earliest opportunity; and that residents and all members continue to be apprised of progress on lifts refurbishment and replacement; and with the ongoing development of the warden service. This should use an appropriate channel such as the Members' Newsletter.**
- R4 Cabinet should ask the Chief Executive to demonstrate that arrangements are in place to ensure that any risks of failure to other lifts across the Council's estate are identified and managed appropriately.**
- R5 Cabinet should ask the Chief Executive to ensure that risks associated with the management of capital projects, wherever they are managed within the Council, are considered for inclusion in the Corporate Risk Register.**

6 Issue 3

The Task Group set out to satisfy itself that the programme of remedial action in place at the time of the Motion would be sustainable until the PFI programme can be implemented.

- 6.1 At an early stage of its work, the Task Group were presented with draft proposals to install platform or stair lifts in schemes where lifts had failed; and to accelerate the refurbishment and replacement of lifts before the PFI programme would commence. A consensus was quickly reached that this would be a preferred way forward – detailed elsewhere in this report and in Appendix Three.**

7 Issue 4

The Task Group set out to satisfy itself that there will be a seamless transfer of lift maintenance responsibilities to the preferred PFI partner, once appointed; and that there will be sufficient confidence in their proposals for a timely programme of lift replacement and refurbishment.

Further to this the Task Group sought assurance about the maintenance arrangements during the PFI concession period; and the condition of lifts when they are handed back at the end of the PFI contract.

Transfer of Lift Maintenance Responsibilities

- 7.1 The proposals to bring forward the refurbishment and replacement programme will ensure that the Council itself takes control of this aspect of the PFI initiative. In the interim, closer working relationships have been established with Kier in respect of lift maintenance; and the programme of temporary lift installation is progressing to plan.

Timely programme of replacement and refurbishment

- 7.2 As detailed in Section 8 below the programme for lift replacement and refurbishment will be brought forward, and at the time of writing is expected to commence as early as June 2012.

Maintenance during the PFI concession period; and condition on handover

- 7.3 The Task Group have been provided with details of the Output Specification relating to lift maintenance, response times and the condition of lifts at the end of the 28 year PFI concession period.
- 7.4 The Task Group understands that during the PFI concession period each remaining bidder has made an appropriate allowance for lift maintenance; and that the Council will require the PFI provider to:
- respond to an incident in an occupied lift within 1 hour and to rectify the problem within 3 hours;
 - respond to an incident in an unoccupied lift within 1 hour and to rectify the problem within 24 hours.

Failure to meet these targets will amount to a service failure, to which a robust schedule of financial penalties will be applied.

- 7.5 At the expiry of the 28 year PFI concession period, the lifts must have a residual lifespan of a minimum of 5 years.

8 Issue 5

If the current programme of remedial action is found not to be sufficient or sustainable, then a means of accelerating the lift replacement programme should be proposed.

Accelerated Lift Replacement Programme

- 8.1 The programme which has been approved during the life of the Task Group involves extracting from the PFI project those requirements to replace the lift stock in 14 of the 16 schemes (a total of 15 lifts) and the associated funding to support the PFI from the Council. In the remaining two blocks due for refurbishment the proposals within the PFI require significant internal alteration and the installation of alternative lift locations and have therefore been excluded from the scope of this accelerated programme.

- 8.2 For the six schemes that are scheduled for demolition no significant works are proposed to the lifts. The renewal and replacement of 14 lifts as proposed will present an opportunity to recycle components to support future maintenance activity required to the remaining 8 lifts.
- 8.3 This proposal will result in a reduction in the costs of the PFI programme as the lifts would be replaced outside of the scheme. The work will be funded by the Council utilising funding that would otherwise have been used to support the delivery of the PFI (including land sales). The level of PFI credits to support the programme from the HCA will be adjusted to take account of the changes.
- 8.5 The proposal provides a workable solution to a difficult issue which takes account of the need to accelerate the lift replacements, requiring additional up-front HRA contributions, which will be replaced over the short-term from balances and contingency, and compensated for over the longer-term by the release of land sites to the Council, as the PFI scheme comes to fruition.
- 8.6 At the time of writing the lift replacement programme is expected to take place between 25 June 2012 and 19 November 2012.

Funding the accelerated lift replacement programme

- 8.7 The Cabinet Budget proposals which were presented to Council on 2 February 2012 and approved on 15 February provide £1.1m to fund the accelerated programme. (Minute C128/02/12).

9.0 Background Information

The report itself includes the background detail.

10.0 Acknowledgements

The working group would like to place on record its thanks and appreciation to the following individuals for their assistance to the working group:-

Residents

Residents at Rudyerd, Skipsey and Carlton Courts for their patience during the Task Group's visit

North Tyneside Council

Paul Hanson, Strategic Director of Community Services
Ian Conway, Head of North Tyneside Homes
Roy Marston, Senior Manager Older People's Housing
Phil Jensen, Housing PFI Proc/Tech Manager
Performance & Scrutiny Team

Appendices

1. Social housing in England from the 1960s to the present day
2. Summary of lift failures and proposals for refurbishment and replacement
3. Knowledge Transfer Partnership with the University of Northumbria
4. Risk Management Plan for Sheltered Accommodation Lifts