

Committee(s): Barbican Estate Residents Consultation Committee Barbican Residential Committee	Dated: 24/06/2024 01/07/2024
Subject: Barbican – Internal Audit Recommendations	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	4
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N//A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: Judith Finlay, Executive Director of Community and Children’s Services	For Information
Report author: Daniel Sanders – Assistant Director – Barbican Damon Ellis – Head of Property Service – Barbican	

Summary

The City of London Corporation has a duty to undertake repairs and maintenance to the Barbican Estate for which it is the landlord. The purpose of this report is to inform committee of the current implementation of measures following the internal audit dated 13/12/2024.

The current contract/agreement in place for the provision of repairs and maintenance for the Barbican Estate began on 01 April 2019, and following a deed of variation, is due to expire 31st March 2025, the agreement referred to as:

1. Barbican Estate with Metwin Ltd.

The internal audit report recommendations are summarised below:

Recommendation(s)

- Management needs to apply greater care and diligence in the operation of this and future contracts, possible motivations for failing to apply the SOR are convenience and lack of understanding as to how such contracts operate. There is a risk of fraud, although this is very difficult to substantiate due to the lack of transparency in the works orders.
- The contract Schedule of Rates must be applied, where this is not possible, works must be specified and costed via quotation and the quotation attached to the works order.

- The Housing Repairs Team should ensure that market testing (seeking alternate quotes) is undertaken in relation to non-SOR items, management may wish to set a financial threshold for this. Evidence should be retained.
- The pre-inspection process/responsibility should be brought within the City of London team as a “client” function.
- The Housing Repairs Team should introduce, as a minimum, spot-checking to validate the completion of works and, for some categories of repair, part-completion. Evidence should be retained to demonstrate this.
- The Schedule of Rates should be reviewed in detail as part of the procurement process to re-let the contract, ensuring that those items included remain valid and expanding where relevant/useful to do so.

Upon my appointment at the City of London Corporation (8th March 2024) it was evident that some steps had been taken to try and mitigate concerns raised in the internal audit, but these were not strategically implemented and there was still an absence of written process to support any potential work carried out to date.

We now have a strategic plan to tackle the shortfalls within current process:

1. A series of standardised operating procedures (SOP's) for all employees of the Barbican Estate Office to follow ensuring there is a structured and written process for all aspects of financial and operational management relating to repairs & maintenance.
2. The responsible procurement of the 2025 repairs & maintenance contract that is designed and managed in line with good practice, the recommendations of the internal audit and governance of L&T Act (1985) and the RICS code of practice.

We have already devised our first draft standard operating procedure with reference to BEO management (see below) we envisage a total of 8 SOPs with specific reference to repairs & maintenance including but not limited to:

- Raising an order (limits)
- Market Testing
- Applying SOR Items
- Qualifying Works (S20)
- Pre-Inspection
- Post-Inspection
- Emergency Works
- RAM's (management of contractors)

The procurement of the 2025 repairs & Maintenance contract is well underway, and we have had very positive engagement from the resident working party as well as colleagues in procurement and finance. We are confident the contract is being structured in a way we can pro-actively manage it moving forward and with input at this stage the contract will work in line with our SOP's ensuring effective operational and financial management.

We are currently reviewing the limits in the attached SOP (example) and integration with systems to ensure we can apply them automatically, so our processes do not have a single point of failure. The remainder of SOPs for R&M and other BEO related tasks will be created and logged centrally. We will report back to RCC and BRC each committee with a log of our SOP's and they will be available for inspection if/when required, this is in line with our commitment to be an open and transparent office working with and on behalf of residents.

For the avoidance of doubt, the implementation of points 1 & 2 will address all concerns raised within the internal audit. The implementation of Standard Operating Procedures will be done no later than 31st July 2024 and will apply to the management of the current contractor and contract management when finalised.

The procurement of the new R&M contract is a continual piece of work which we will continue to feed into with the audit in mind, the new contract will commence 1st April 2025.



Standard Operation Procedure for Authorising Orders and Variations

Introduction

- i. The purpose of this Standard Operating Procedure (SOP) is to put into operation a strategic approvals process managing responsibility and accountability for authorising works orders variations, and their associated cost.
- ii. We are governed by the Landlord & Tenant Act (1985) and the RICS code of practice for which it is important our authorisation limits and process competencies and accountabilities are clear and transparent. This process will ensure we are meeting our fiduciary responsibilities under the legislation.

Limits

	Authorised Limit
Repairs Desk	£0-£250
Property Service Officer(s)	£251-£500
Contracts Manager(s)	£501-£10,000
Head of Property Services	£10,001- £30,000
Assistant Director	£30,001- £50,000

Control Measures:

- i. Post inspections will be conducted to ensure works have been completed to satisfaction before invoices can be authorised. Photos will need to be taken during physical inspections, and during works, so further desk top quality control can take place.
- ii. Proof of delivery for materials must be provided before variations can be authorised where the material spend is more than £250 (before contractual uplift of 15%).
- iii. In relation to cost control and the above mentioned authorisation limits the process will remain that any team member can initially raise an order on CivicaX but where the value falls outside of their agreed authorisation limit approval will need to be obtained prior to allocating.

Created By: Daniel Sanders

Effective From: Implementation date TBD