Getting It Right Defect Guide

Best practice in dealing with defects during the defects liability period in new build properties
1. Introduction

Badly managed defects in new build properties cost many Registered Providers hundreds of thousands of pounds in both materials and time both for Registered Providers, Contractors and agents. This money is in effect lost, and in an era of extreme cost consciousness and value for money, it is absolutely key that this process is managed really well.

On a recent survey around a third of issues reported to contractors as defects are not - leading to further complexity, cost and confusion for the customer home user. It is to everyone’s advantage to ensure the process is defined and managed well.

This guide picks up a number of improvements for all parties to consider when defining relationships and outcomes of the defects liability period (DLP). The guide was written in June 2013 following a series of focus groups, individual meetings and telephone calls with Registered Provider representatives and consultants/employer’s agents.

2. Why use this guide?

Moving into a brand new home should be a positive and happy experience – but often it can be stressful for many social housing residents and also frustrating both for the contractor and the Registered Provider. What might have been a cordial relationship during the construction stage can become tainted, if the process for dealing with defects and resolving them is not clearly agreed and understood by both parties.

From the contractor’s perspective, they are often frustrated by being called out to reports of defects which turn out to be routine day-to-day repairs or resident misuse or lack of understanding. Registered Providers can be frustrated if contractors (or particularly their sub-contractors) don’t attend within the agreed timescales. Often, the resident is the one in the middle of disputes, waiting for their defect or repair to be dealt with. They don’t really care who does it – they just want it done. And if it isn’t, they have many ways of quickly letting friends and relatives know, especially through social media such as Twitter and Facebook. This can lead to the risk of reputational damage for both the contractor and the Registered Provider.

3. What can we all do better?

- **Communication is paramount**
  There needs to be excellent communication between the contractor and the Registered Provider... and with the resident. It is critical that there is openness and honesty and that matters are followed up.

- **Clarity is essential**
  Clearly define and agree what is and what isn’t a defect (see Appendix A for an example of an agreed list) – or, alternatively, agree that the contractor should do everything including general repairs and maintenance.

- Consider the use of a ‘web hub’, extranet or shared IT between the contractor and the Registered Provider to log defects and updates when they have been completed.

- Educate residents as to how the components in their new home work. **Home User Guides should be simple**, written in plain language (with diagrams), explaining how, for example, the central heating boiler works. Show residents how to operate controls – and repeat if necessary.
• Show Registered Provider management how the building works - give them the knowledge to train/remind residents at tenancy visits. Show Operatives of the Registered Provider’s own contractors or their own direct labour organisation (DLO) operatives how the building works. Staff should be given easy access to health and safety and operations and maintenance information. Provide briefings for Registered Providers development staff, DLO operatives and call centre staff about the operation of heating and other systems, so that they can advise residents about how they operate the controls on the central heating boiler, for example.

• Avoid using complex kit; use standard components where possible.

• Contractors and Registered Providers staff should brief residents about how the building is supposed to work (for example, on the use of flow restrictors) and go through the new home user manuals, to avoid residents reporting as defects things which aren’t.

• Contractors and Registered Providers should meet pre-handover to discuss procedure and expectations for the handling of defects during the DLP. Procedures for pre-handover and handover need to be written into the employer’s requirements.

• Contractors and Registered Providers should agree home maintenance and whose responsibility it is to carry out (e.g. to change filters on rain water harvesting systems, top up boiler systems…etc). If maintenance is not done, it can lead to Registered Provider being charged for unnecessary call outs.

• Registered Providers should aim to agree the same service level agreement for response times to defects with all contractors – otherwise residents can be confused as to why the response might be 24 hours on their scheme, but 4 hours on a friend’s scheme down the road.

• KPIs for defects management should be linked to customer satisfaction. They should be monitored and reviewed regularly.

4. What can contractors do better?

• Finish snag free as well as defect free!

• Aim for ‘right, first time’ on all jobs - the aspiration should always be for zero defects. However, in the real world, defects are always going to be with us – so at least aim for as few defects as possible.

• Feed back to the customer when a defect has been dealt with - and even when it hasn’t (for example, if a part is on order); communication is paramount.

• Deliver on promises – if you say a job will be done, make sure it is followed through into action.

• Provide information detailing how defects have been dealt with, not just an email saying they have been done.

• Get the resident to sign a form to say a defect has been done - and make sure these are returned to the customer.

• Analyse defects on previous developments and act to eliminate them on future jobs – was the defect down to materials, or workmanship, or a particular sub-contractor?
• Make more use of your own labour where possible and minimise the use of sub-contractors. Where sub-contractors are used, there need to be incentives built in for them to go back to a defect. Take responsibility for your sub-contractors.

• Realistically, residents won’t read a huge home owner manual; they will prefer simply to telephone their Registered Provider. **Produce clear, concise, simpler user guides with diagrams.** Laminate the guides and attach to the inside of kitchen cupboards.

• Consider producing a **DVD of common maintenance tips**, for example, how to re-pressurise the central heating system.

• Offer a **wide range of appointments** to overcome ‘no access’ issues, especially where the resident is in employment. This should include, as a minimum, a.m. or p.m. appointments, and out-of-hours appointments in the early evening and on Saturday mornings – this level of service should also be expected of sub-contractors.

• Use **text messaging** to alert residents/remind them of a visit.

• **Feed back your analysis** of the most common defects (on a monthly basis) to your customers – so they can learn from it.

• If asked to agree to a 4-hour response, but you know this is unrealistic for you owing to geography, agree that the association’s own repairs operatives can do the work rather than failing to attend.

• **Smarten up the ‘sign off’ process** (end of defect liability period) – a resident could have visits from three or four trades, a Clerk of Works, the contractor and the Registered Provider. Consider streamlining this process by having a foreman on site for two weeks around sign-off time to liaise with residents and facilitate access.

5. **What can Registered Providers do better?**

• Consider **having a ‘defects specialist’** in the organisation, to be trained to a high level and to be a resource to other staff. This person can familiarise themselves with the scheme before handover, have defects reported to them, assess what is, and is not, a defect, keep a log of all defects and analyse patterns of defects at the end of the 12 months. There are benefits to be gained, in that they can build up a good rapport with the contractor.

• Ensure that there is a **flag on the IT system** to highlight to call takers (call centre staff) that the building is in DLP – and this doesn’t just mean report it to the contractor!

• **Ensure that there is an effective out-of-hours service** in place.

• **Report regular patterns of defects** to the employer’s agent.

• **Apply the same rigour to defects reporting** as repairs reporting.

• **Have the same priority timescales** for repairs as you do for day-to-day repairs – this helps residents.

• **Provide excellent training for call centre staff** in defects, repairs diagnosis and provide repairs diagnosis software.
• Make call centre staff aware that sometimes the obvious answer isn't necessarily the correct answer; for example, a downstairs toilet not flushing could be down to the rainwater harvesting system not operating and not a defective toilet.

• Ensure that call centre staff understand what a defect is and what might be resident misuse or maintenance; for example, all drains are tested and clear at handover – therefore a blocked toilet is likely to have been caused by something being put down it which shouldn’t have been. Lights not working could be lamps have failed and not a defective light fitting.

• Be firm with residents over spurious reports and resident misuse. Some contractors will charge for this, others won’t… but there is a hidden cost and contractors may recoup this further down the line.

• Explain to residents that settlement cracks are not defects.

• Explain to residents that condensation is likely to occur, on account of modern buildings being effectively sealed – advise residents that trickle vents should be kept open.

• Make sure that call centre staff gather full information from residents at the initial call – and carry out a ‘sense check’ before it is sent to the contractor; not just for example “boiler leaking…”

• Call centre staff need to challenge more – for example, make sure residents have checked the consumer unit for a tripped switch before sending out a contractor and query if there has been resident damage.

• Have call centre staff visit new developments – it makes them feel like more than just ‘call takers’ – and can also help towards their own personal development.

• Call information should be passed through to the development team so they can have an overview of issues.

• Educate the contractor about the importance the Registered Provider places on customer service in delivering their day-to-day repairs service in their organisation and make sure contractors replicate that during the DLP.

• Have policies to recharge residents for resident misuse. Realistically though, there is often little chance of recovering the money; however, where resident misuse is found, contractors must let the Registered Provider have a note of the cost of the repair.

• Don’t specify cheapest materials – contractors will always price what’s in the bill. Consider building higher-quality products into the contract, as it will save money in the longer run.

• Analyse information from the contractor about the most common causes of call outs. Discuss this with residents’ groups and make changes as a result of this feedback.

• Hold open evenings for incoming residents to explain how the building works – if they don’t turn up, consider sanctions (one Registered Provider withdraws the offer of accommodation if the resident fails to attend the sign up meeting). If this seems somewhat harsh, prospective residents could be incentivised with tips on how to save money on their energy bills, for example.

• Carry out necessary maintenance within the first year, especially on mechanical and electrical component; this is not the contractor’s responsibility.
• Ensure that residents report defects **through the Registered Provider**, not by ringing the contractor direct.

• Undertake a ‘round table’ review at the end of the DLP.

6. What can consultants and managing agents do better?

Effective consultants and skilled managing agents are often the key to the above good practice being implemented. Their expertise can be essential in challenging customers for example;

• Challenge customers more when the specification is being prepared to guard against use of poor-quality materials. The most commonly-reported problems are doors, hinges, and ironmongery.

• Guide RP’s towards realistic contractor response times. Remind them that the best ‘builders’ may not necessarily have facilities management in place and therefore may struggle on 2-4 hour response times.

7. For future consideration for all parties

• Consider agreeing a deal whereby the housing association’s own DLO fixes the defect, for an agreed range of defects, in return for a discount, or by sending an invoice to the contractor for work carried out.

• One suggestion which came out of the focus groups is the idea of not having a defects period at all, but for the housing associations and the contractor to agree the cost of this in the original contract.

• Components are becoming ever more complex, with boiler instructions that even building professionals struggle to understand. Contractors, housing associations and employer’s agents should all consider using components with simpler controls.

• Consider the use of the same boilers as standard. Talk to residents about what they find easy to operate and look at the cost of spare parts over the lifetime of the boiler.

• Use local sub-contractors; not only does it mean that there is more chance of them meeting the emergency response timescale, it also resonates with the policies of some housing associations who aspire to recruit local people to local jobs.

8. Conclusion

This paper raises issues which Registered Providers and contractors face when delivering new build affordable housing projects. There was an acknowledgement of the investment made by all stakeholders in delivering a high quality product and service for the resident. Communication, transparency and evaluation were hot topics for discussion and this guide could act as a spring board for all stakeholders to continually improve their products and service going forward.

Many thanks to those Registered Providers who gave their time in supporting this Guide.
3Dk Solutions who have produced this Guide work with a wide range of businesses in the housing world and beyond, and offer a wide range of contemporary, executive professional advice and services in commercial business development.

This best practice guide was written by Paul Stead, 3Dk Executive Associate. We would like to thank the many Registered Providers staff and consultants with whom we spoke during the compilation of this guide.

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Appendix A

An agreed list of defects and instructions to call centre staff on how to deal with calls

1. Items which generally do not fall in the category as a defect repair are:
   
   • Loss of water, electricity or gas supply – check with the supplier that there has been no interruption to the service.
   
   • Gas smell – report to Transco.
   
   • Blocked toilet or drains. At time of handover, a CCTV survey of the drains is completed; therefore the blockage usually is due to ‘foreign objects’ eg, disposable nappies getting into the system. Unless there are exceptional circumstances this will be classed a repair that will be referred to the associations own workforce or contractor.
   
   • Third party damage, for example wear and tear or vandalism.
   
   • Alarm/fire/smoke alarms not working – only report this if the manual has been checked to rest the alarm and fault still remains.
   
   • Faulty light fittings – always change the bulb first.
   
   • Settlement works – up to 2mm (see NHBC Guidelines Chapter 1.2 “A consistent approach to finishes”).

2. Reporting defects:

   It is important to take as much detail as possible from the resident.

   Detailed information then assists the contractor to establish the correct priority for the item and enable the correct operative to be sent to the job.

   For example, ‘Window won’t close properly’

   This needs to include why it won’t close, is it a damaged frame or a damaged handle, location of window etc., and is it a health and safety issue?

   Be clear on priorities in order to advise the resident when a contractor is likely to attend.

   For example:

   **Priority 1:**

   Emergency – Response required within 4 hours, repaired within 24/48 hours where the health and/or security of the resident is compromised.

   • Severe leaks (that cannot be contained). Water source should always be isolated.
   
   • Power loss (not due to service providers)
   
   • No heating (between October and April)
   
   • No hot water (any time of the year)
   
   • Insecure property – faulty locks or windows where the health and safety of the resident is at risk.
• Toilet not flushing (where the property only has one toilet)
• Roof leaks where leak is penetrating electrics

Priority 2:
Response within 3 – 7 days
• Dripping taps
• Minor water leak through windows or roof
• Toilet not flushing if there is another toilet in the property
• Adjustment and easing of fire doors

Priority 3:
Responded to within 28 days
• Minor defects
• Faulty extractor fan