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THE CABINET

Wednesday, 17th July, 2019 at 7.15 pm in the Conference Room,
Civic Centre, Silver Street, Enfield, EN1 3XA

SUPPLEMENTARY AGENDA AGENDA – PART 1

23. MATTER REFERRED FROM THE OVERVIEW AND SCRUTINY COMMITTEE - FUTURE OF THE RESPONSIVE REPAIRS SERVICE (Pages 1 - 34)

At its meeting on 9 July 2019, the Overview and Scrutiny Committee agreed to refer this matter back to the Cabinet for re-consideration following the call-in of the Cabinet decision taken on 12 June 2019.

The Chair is asked to agree that this matter be considered as an urgent item in order to meet the requirements of the call-in process for the re-consideration of this item at the next scheduled Cabinet meeting.

A report from the Executive Director – Place is attached together with the Cabinet report considered on 12 June 2019 and, an extract of the minutes of the Overview and Scrutiny Committee meeting. **(Key decision – reference number 4868)**

(Report No.64)

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MUNICIPAL YEAR 2019/2020 REPORT NO. **64**

MEETING TITLE AND DATE:

Cabinet 17 July 2019

REPORT OF:

Executive Director Place

Director of Housing and Regeneration
Joanne.drew@enfield.gov.uk

Contact officer and telephone number:
Garry Knights
Email: garry.knights@enfield.gov.uk.

Agenda - Part: 1	Item: 23
Subject: Future of Responsive Repairs Service paper following referral back to Cabinet from the OSC on the 9th July 2019	
Cabinet Member consulted: Cllr Needs	

The paper is an addendum to the paper approved by Cabinet on the 12th June regarding the future delivery model for the Council Housing responsive repairs service.

The paper has been referred to Cabinet by the Overview and Scrutiny Panel to address the following questions

- 1. Whilst the principle and overall philosophy behind the Cabinet decision is generally supported by the Committee they felt that there was not the robust evidence to support the decision at present; and that the report itself was still something of a work-in progress.**

The paper taken to Cabinet on the 12th June 2019 seeking approval for in-sourcing was the last in a series of papers taken to Cabinet and OSC regarding the future delivery of Council Housing responsive repairs. These papers had been developed in the light of options appraisals undertaken by external experts, analysis and the conclusions of the Repairs Task Force.

The information considered by OSC and Cabinet is set out below:

- a) A paper was noted at Overview and Scrutiny Committee on the 7th November 2018 which asked:

That Overview and Scrutiny Committee note the options for future delivery now being assessed, and delegate authority to the Director for Housing and Regeneration to consider further these options in consultation with the Cabinet Member for Housing

That Overview and Scrutiny Committee note the timeline and actions shown at para. 7.7, including the presentation of a further paper in April 2019 making recommendations on the future delivery model for repairs.

That Overview and Scrutiny Committee review the paper and provide feedback

Included in that report was a number of options which were being considered alongside an expert review undertaken previously by Ridge consultants. This review detailed the strengths and weaknesses of each option. .

b) A paper was approved at Cabinet on the 14th November 2018 which asked;

That Cabinet note the options for future delivery now being assessed, and delegate authority to the Director for Housing and Regeneration to consider further these options in consultation with the Cabinet Member for Housing

That Cabinet approve the timeline and actions shown at para. 7.7, including the presentation of a further paper in April 2019 making recommendations on the future delivery model for repairs.

Cabinet are requested to note the draft minutes for the Overview and Scrutiny Committee which will be tabled at the Cabinet meeting.

A full assessment by Ridge consultants which detailed the strengths and weaknesses of a number of each option was appended to the report.

c) Following approval of the approach from both OSC and Cabinet the Repairs Task force, led by the Cabinet Member for Housing, discussed the options at the meeting on the 19th December and 23rd January 2019 and determined the preferred approach.

The Cabinet report of 12th June 2019 had been developed having regard to this full option appraisal and was therefore focused on implementing the preferred solution.

2. In particular the issues of financial risks raised in the call-in and within the debate were not addressed sufficiently to persuade OSC to allow the detailed rather than headline decision to stand in its current form.

OSC raised a number of specific questions regarding the financial elements of the service:

Is the inflation on labour costs realistic at 2% given the London labour market;

This assumption is based on advice from external advisors and is a key assumption in the HRA Business Plan. The workforce will be on Council terms and conditions. The five-year financial plan in development will include sensitivity analysis around higher labour costs.

Can we deliver the service within £4.8 million budget;

Our current externally provide repairs service delivers circa 40,000 repairs annually at an average cost of £120/repair. This figure includes the contractor's profits estimated at 3%-5% which we will not need to pay in the in-sourced model.

The breakdown at 6.3 shows a realistic assessment based on detailed knowledge of delivering a repairs service in a similar sized organisation with a similar stock profile.

Our current repairs model delivers 4 repairs per property per year, this is high in comparison to our peers and we should be undertaking around 2 repairs per property/year. This improvement will be achieved by our large-scale investment programme in our stock (£41million this year) plus our proactive approach of introducing planned cyclical maintenance, including MOTs, decorating and gutter clearance. We will be undertaking benchmarking against peers on our performance against quality and cost

- 3. The Committee suggested that more detailed SWOT analysis of both the recommended and alternative options should be completed to more explicitly support the deliverability of a phased approach to in-sourcing the day to day repairs service; that more depth be provided to the grid lists of benefits of the phased approach; and some of the mitigations within the risk analysis should be fleshed out to address questions of how, when, and what.**

Please refer to the answer to the first point. A detailed mobilisation plan has been developed for insourcing the service which has built in contingency measures against key risk areas.

We have also commissioned an updated assessment of implementation options building from the APSE report which will be used by the Operational Board in progressing with the mobilisation.

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MUNICIPAL YEAR 2019/2020 REPORT NO. 8

MEETING TITLE AND DATE:

Cabinet
12th June 2019

REPORT OF:

Executive Director Place

Director of Housing and Regeneration
Joanne.drew@enfield.gov.uk

Contact officer and telephone number:
Garry Knights
Email: garry.knights@enfield.gov.uk.

Agenda - Part: 1	Item: 7
Subject: Future of Responsive Repairs Service	
Wards: All	
Cabinet Member consulted: Cllr Needs	

1. EXECUTIVE SUMMARY

- 1.1. The Councils current contracts delivering day to day repairs and compliance contracts to Council houses are due to end in April 2020. We have considered the most appropriate approach for delivering the services going forward, with an aim to:
- a) provide improved value in terms of enhanced resident satisfaction;
 - b) support the local community and local supply chain; and
 - c) effectively improve the condition of our properties.
- 1.2. The day to day repairs service has seen an improvement in customer and technical performance over the past 6 months. However, there remains room for continued improvement which can be achieved through a new delivery model alongside greater flexibility as we improve the condition of stock through investment.
- 1.3. This report identifies and recommends a solution which seeks to manage risk, secure the continuing improvement of the service whilst providing value for money. It includes:
- a) A phased approach to insourcing the day to day repairs service whilst continuing to outsource compliance services;
 - b) Proposed transitional arrangements for the gradual in-sourcing of repairs services whilst securing back up provision from existing contractors including beyond the end of existing contracts in April 2020 as necessary.
 - c) Procurement of compliance, cyclical maintenance and major works, but with a view to consider bringing these in house in the future

d) The development of in-house capacity to ensure the commercial management of the in-house service and effective client-side arrangements for the mixed delivery model.

1.4. A budget of £1.2m from the HRA will be required to mobilise the new arrangements.

1.5. The report also proposes that progress with the new repairs service will be overseen by the Repairs Task Force chaired by the Cabinet Member for Housing and supported by an Operational Board and with engagement of the Customer Voice.

2. RECOMMENDATIONS

1. Agree a phased approach to in-sourcing the day to day repairs service as detailed in section 3 and note the creation of a multi-disciplinary Operational Board which will report on progress to the Repairs Task Force.
2. Approve a mobilisation budget of £1.2 million, allocated over 2 years, funded from HRA repairs reserve
3. Note that a 5 year business plan will come forward as part of the annual HRA budget cycle for 2020/21
4. Delegate authority to the Director of Housing and Regeneration to commence procurement and tendering exercises to mobilise 5 year contracts, for compliance works including gas servicing, electrical checks and lift services along with back up responsive repairs services.

3. BACKGROUND AND CURRENT POSITION

3.1 The Council owns 10,500 homes for which it carries full repairing obligations plus a further 5,000 leasehold properties for which it retains de-minimis repairing obligations (common parts, consequential damage from Council dwellings etc.

3.2 Services are currently organised as follows:

- Day to day responsive repairs currently being provided by MCP property services and MNM Property Services Limited on measured term contracts expiring in April 2020.

- Void works being provided by a number of small local companies of circa 450 HRA properties plus circa 500 Housing Gateway, Regeneration and PSL properties annually
- All compliance works and Mechanical and Electrical (M&E) (gas servicing, periodic electrical inspections, legionella, lightening protection, etc), heating installation and repairs, (domestic and communal), electrical installations and repairs are provided by T Brown and Purdy on measured term contracts expiring in April 2020.
- Lift servicing contracts via Liftech and managed through MAND and running to 2022.

3.3 The following performance is currently being secured on the repairs and M&E services following a period of improvement as overseen by the Repairs Task Force. This does demonstrate that better client management can make a difference to contractor performance:

- Number of overdue repairs has reduced from around 12% to 5%
- Number of missed appointments had reduced from 2.4% to 0%
- The number of first-time fixes has improved from 26% to 76%
- Number of properties with a current gas certificate 99.76%

3.4 The voids service performs well with an average turnaround time of 18 days.

3.5 The Council has out-sourced the repairs service for a number of years and whilst the service is improving there are opportunities to enhance outcomes further with a new service model and through taking more direct control

3.6 A stock condition survey is currently in progress and this will give us information to develop long term investment strategies which will also inform the nature of intermediate responsive repairs. Over the years the Council has maximised all sources of investment into the stock it has implemented capital programmes and agreed estate renewal programmes where stock is uneconomic to invest in. However, there remains a challenge as around the condition of ageing infrastructure in high risk blocks means that there is a significant backlog of works arising. The Council is committed to investing in its stock and has developed the Better Council Homes programme, which will see some £41m investment in the stock during 2019/20.

3.7 In addition, it has launched an in-house MOT repairs service to support our vulnerable tenants, identify high and low-end users of the repairs service and provide a quick response on problematic issues and residents.

3.8 With ongoing resident satisfaction testing through our quarterly BMG programme and the introduction of a new housing management system we will have greater knowledge and capacity to improve the service.

3.9 APPROACH TO DELIVERING BETTER COUNCIL HOMES

3.10 The Repairs Task Force has considered, along with specialist advice from APSE, the options for the future service. It has concluded that as well as the need for continued improvement in the delivery of responsive repairs services through a new service delivery model, strategically the best outcomes can also be achieved by having more control over the direction and delivery of the repairs service – especially as investment work takes place and over time the needs of the stock will change.

3.11 Key priorities for a new service model have been identified as follows:

- A high quality, right first-time repairs service with an appropriate approach to the replacement of components as opposed to repair to deliver overall value for money and resident satisfaction,
- A call resolution service which is focused on repairs diagnosis, scheduling the work of the operatives and ongoing customer service management. This will eliminate duplication inherent in the existing service model and ensure that the service has the best chance to deliver the right first-time service.
- The ability to deliver a repairs “plus” service which helps identify vulnerable tenants and meet their immediate need whilst supporting and signposting to additional help
- The development of resident’s awareness of how to take care of their home and how to complete minor jobs that are part of the day to day responsibility of renting a home. This to be through Information, Advice and Guidance to be provided in a range of formats.
- Employment and development of local people including the creation of apprenticeships and seeking to support female operatives.
- Increased use of local supply chains and small and medium enterprises (SMEs)
- Greater ability to influence the culture of the workforce including embedding a customer centric ethos.
- A more streamlined service, with an improved end to end experience for customers including efficiencies being delivered through better repairs diagnosis, replacement of components rather than repair where necessary and a reduction of administration associated with contractor payments and management.
- The ability flex and alter the service in the light of capital investment, estate renewal and new housing development without the need to renegotiate external contracts which can result in cost increases.

3.12 MIXED DELIVERY MODEL

3.13 In response to the service priorities, a mixed delivery model has been identified as the most appropriate solution. This would allow the in-sourcing of the parts of the service that will give us most control over resident satisfaction - emergency, urgent and routine repairs works, including small electrical and plumbing works and the continuation of the MOT service with the continued out-sourcing of the high-risk compliance works, major work programmes and voids.

3.14 This to include:

- An in-house emergency, urgent and routine repairs service, including small electrical and plumbing works, by growing the existing MOT service whilst undertaking a planned demobilisation period of the existing repairs contracts.
- An organic managed growth approach which will allow the in-house service to undertake a significant % of the service by April 2020 but supported by the existing repairs contractors until full implementation is achieved.
- The potential to negotiate a back up provision from existing contractors including direct repairs delivery or back office services beyond April 2020 should unforeseen challenges arise with the mobilisation.
- The development of in-house capacity to ensure the commercial management of the in-house service, with the potential for it to extend the range of services it offers to others and effective client-side arrangements for the mixed delivery model.

3.15 IMPLEMENTATION

3.16 A Operational Board has been established to deliver the mobilisation which will include ensuring the following:

- Commercial leadership – a senior project manager/repairs manager, with extensive experience of developing in-house services, will be engaged reporting directly to the Head of Property Services
- Back Office infrastructure – developing the appropriate back office structure which will include creating and employing (subject to TUPE) a number of new roles, including planners, charge hands and quality control)
- Technology – Identify all additional IT systems and mobile working facilities.
- Supply chains development – material suppliers, plant hire, fleet hire and other associated requirements will be developed along with the appropriate governance and financial control frameworks.

3.18 The service will be mobilised as part of the Better Council Homes transformation project which will ensure the relevant ICT solution is provided as an integrated part of the transformation programme already underway. (Civica CX will form the base system but we will need to develop additional modules, additional planning software such as DRS and stock control systems).

3.19 In order to secure this programme a budget of circa £1.2 million will be required to mobilise the infrastructure required to take on the service.

This has been informed by specialist advice received from APSE. A contingency budget has been included in this forecast.

The indicative costs are broken down as follows

Cost	19/20	20/21
IT infrastructure	300,000	
Initial van stocks		50,000
Parallel running of service	150,000	150,000
Temporary management resource pending permanent recruitment	120,000	30,000
Specialist technical advice	50,000	
Legal costs	50,000	
Provision of backup repairs contractor for an initial period		100,000
Initial training	25,000	25,000
Uniform/PPE and tools		50,000
Contingency	50,000	50,000
Total estimated costs	745,000	455,000

- 3.20 Ongoing costs will depend on final salary and benefit packages (subject to TUPE), fleet cost, ongoing IT support and development and other relevant supply chain costs but we expect to deliver the service within the current £4.8m included in current revenue budgets (circa £111/repair).
- 3.21 Mobilisation will also require significant support from other services including:
- ICT to be provided as part of the Better Council Homes Transformation Team
 - Dedicated HR support to manage the TUPE, employment framework and ongoing recruitment issues
 - Support from the Procurement Team to manage the procurement of the contracted services to go live from 1 April 2020.
 - Support from customer services to manage the transition to the new model
- 3.22 This approach would also require a controlled demobilisation period of the existing contracts and wider working arrangements.
- 3.23 A soft start approach in which LBE organically grows its in-house capability whilst reducing the dependency on external contractors would seem to be the most appropriate approach based on the relatively short mobilisation period available. There is provision in the mobilisation budget for this approach and scope from within existing budgets to manage a phased transition. LBE would grow its existing MOT service, which provides a suitable vehicle to test and hone front and back office processes, whilst having a back-up provision should initial problems occur.
- 3.24 This would require the Council to extend one or more of the existing relationships for an agreed period of time as a backup service. This would

require some negotiation as it would require a diminishing resource which differs from the current arrangement.

- 3.25 The Operational Board will report progress to the Repairs Task Force chaired by the Cabinet Member for Housing. We will also engage with the Customer Voice commencing at its meeting on 19th June to get their views on the proposal, the service model and approach to delivery.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 A number of models have been identified which could be used to deliver the repairs service;
- A full in-sourced service
 - A fully out-source model
 - A mixed delivery model
 - Partner with another public body
 - Establish a wholly owned company or special purpose vehicle
 - Establish a joint venture with a private organisation
- 4.2 With our current contracts ending in April 2020 a model will need to be adopted which is relatively quick to establish and will minimise any service downtime.
- 4.3 Any approach taken also needs to reflect the relatively high investment requirement in LBE homes, the increased health and safety requirements which will flow from the Hackett review, the impending change in the Decent Homes standard (which will likely bring a significant enhancement in the standard) and the number of High-Rise properties we have in our stock.
- 4.4 Accordingly, only two other realistically deliverable options were considered the fully out-sourced model or the fully in-sourced model.
- 4.5 Full in-source model** - To fully in-source all services, including the significant capital works programme, all compliance works (including gas safety, legionella and fire safety) would require a significant workforce and back office function. Anecdotal evidence from contractors shows how difficult it is to recruit quality trade staff at this time and LBE's own experience of the difficulty attracting quality back office staff would suggest that this should be a longer-term aspiration, incrementally implemented.
- 4.6 Additionally, the full risk for all delivery, performance, health and safety failures, and service failure would lie with LBE.
- 4.7 Out-Sourced Solution** -This would be a continuation of LBEs existing model, albeit following a re-procurement exercise which would potentially procure different contractors from those currently providing the service.
- 4.8 ONS repair and maintenance output prices (see appendix 1) would suggest we would see an uplift on the existing contracts of circa 5% if we undertook this approach.

- 4.9 However, it is very clear that the current performance of the contractors is caused in a large part by;
- Poor procurement - having 4 contractors delivering day to day repairs across a relatively small housing stock
 - The delivery model
 - Poor initial mobilisation with failure to adequately address basic policy and process issues
 - The lack of IT integration
 - The lack of cultural integration and a clear customer charter or code of conduct
 - The poor contract management from LBE
- 4.10 This remains the lowest risk option in terms of both cost and quality, and through relevant contract terms and pre-start approaches LBE could influence local labour, culture and an improved service to vulnerable tenants.
- 4.11 However, the contractual relationships would allow LBE less flexibility to change work flow as the benefits from the MOT service and major works programme are realised. It would also give LBE less direct control of operative in regard to high profile works or targeted improvement programmes.
- 4.12 Each of the other models working with third parties would likely require significant governance and procurement pieces which will likely preclude them being in place in time.

5. REASONS FOR RECOMMENDATIONS

- 5.1 This model provides the best balance of risk management and resilience whilst enabling us to implement a new service model and take control of the culture, quality and right first-time approach which will form the core requirements of the service by directly employing, training and engaging with operatives.
- 5.2 The council will be able to embed the repairs plus approach in the service taking direct control of the end to end customer experience whilst delivering employment and economic development strategies that will be of benefit to residents and SME providers.
- 5.3 The below table demonstrates the cost/benefit aims for the service:

Cost	Benefits
£1.2 million initial set up costs	Improved control over service to drive an improved customer experience reduce failure demand and adapt the service requirements as major investment in the stock takes place.
Additional overhead recharges (HR, Finance)	Support of the local economy, labour and supply chain
	Potential to create opportunity in apprentice schemes for local residents
	Reduction in the number of complaints

	and MEQs and the direct and indirect costs associated with these
	Quicker resolution of problems
	Greater flexibility to change service in line with the needs of the stock, changing legislation and the needs of customers
	Ability to drive cultural change in the workforce to enhance the overall delivery of our Council Housing Service
	Ability to develop a wider range of services for residents, private sector landlords and others to generate additional income to maximise the overhead costs and wider benefits from the model.

5.4 It should be noted that there is a risk that the performance of the service may initially dip as we embed new staff, processes and ways of working. Whilst this should be a short term issue other organisations who have implemented in-sourcing have experienced this and it may take some time to reach the expectations of this service. This can be mitigated to some degree by ensuring an effective mobilisation period.

6. COMMENTS FROM OTHER DEPARTMENTS

6.1 Financial Implications

6.2 The mobilisation costs will be funded from the HRA Repairs Reserve.

6.3 The current cost of the responsive repairs service is £4.8m per annum and by in-sourcing it is estimated that the current budget will be adequate. The budget below summary shows the indicative spend for 2020/21 and the existing HRA Business Plan provides for increases in costs of CPI annually.

Trades Staff	20/21 (£)
Salaries inc on-costs x 36 FTE	1,800,000
Apprentices x 4 FTE	28,000
Tools	16,000
Vans	200,000
Mobile devices	50,000
Materials	550,000
PPE and Misc.	16,000
Training	20,000
Fuel	200,000
Back Office (additional staff)	
Salaries inc on-costs x 8 FTE	360,000
Specialist Services	

Scaffolding	250,000
Asbestos	350,000
Other Subcontractors	500,000
Plant Hire	25,000
Contingency 10%	435,000
Total	4,800,000

- 6.4 The in-house provision is not expected initially to demonstrate direct cost savings the aim of the service is to offer the broader benefits outlined previously.
- 6.5 It is also expected that the cost of delivering the service will reduce over time as the benefits of the new delivery model, the MOT approach and the significant capital works programme reduce the number of repairs required each year. It should however be noted that the construction sector in London is generally under pressure with a skills shortage and rising costs which will put pressure on any delivery model in the future. In addition with an in-house provision the direct impact of increased costs are experienced in year whilst in an outsourced model the contract price is often fixed. Effective financial management will therefore be required.
- 6.6 The 5 year business plan will include a number of key assumptions (indicative at this time):
- Inflation on material costs of 5%
 - Inflation on labour costs of 2%
 - An efficiency target of 5%
 - Income generation targets from year 2 of £200k with operating margin of 5%
 - A planned reduction in the number of responsive repairs being required as a result of the new delivery model, the investment in major works, cyclical programmes and the MOT approach from year 2

Other variables include:

- A period of parallel running as we take on jobs prior to the full live date of April 2020
- The actual costs of the fleet service
- Client management
- IT costs including licence fees
- Other direct and indirect costs of corporate and customer services

7. Legal Implications

- 7.1 The Council has power under section 1(1) of the Localism Act 2011 to do anything individuals generally may do providing it is not prohibited by legislation and subject to Public Law principles. There is no express prohibition, restriction or limitation contained in a statute against use of the power in this way.

- 7.2 Under Section 111 of the Local Government Act 1972 local authorities may do anything, including incurring expenditure or borrowing which is calculated to facilitate or is conducive or incidental to the discharge of their functions.
- 7.3 Under Section 11 of the Landlord and Tenant Act 1985 (as amended) the Council has repairing obligations in respect of properties which are occupied by its tenants. Under Schedule 6, Part 111 of the Housing Act 1985 similar responsibilities are placed on the Council in respect of properties held on leases after having been sold under the Right to Buy scheme.
- 7.4 The Council will need to ensure that any future procurements are compliant with the Public Contracts Regulations 2015 (where applicable) and the Council's Contract Procedure Rules.
- 7.5 Any contracts resulting from such procurements will need to be in a form approved by the Director of Law and Governance.

(Legal imps provided by MO'C on 14/03/2019 based on a report circulated on 12/03/19).

8. Procurement Implications

- 8.1 The Procurement and Commissioning Hub in collaboration with the Service will develop an insourcing strategy for housing repairs to ensure that the identified priorities will be effectively implemented.
- 8.2 Upon completion of the stock condition survey the Procurement and Commissioning Hub will develop in collaboration with the Service a commissioning strategy to deliver the long-term capital investment. The strategy will aim to maximise quality and value for money by ensuring supplier and market engagement.
- 8.3 The Procurement and Commissioning Hub will support the Service needs to ensure that the continued outsourcing of compliance works, major works programme and voids is undertaken to ensure procurement compliance alongside the development of the commissioning strategies to drive best outcomes.
- 8.4 Any procurement to support the delivery of the 'Future of Responsive Repairs Service' including the 'Better Council Homes' programme for Housing will be undertaken in accordance with the Councils Contract Procedure Rules and the Public Contracts Regulations (2015).
- 8.5 Consideration of the use of any Framework Agreement must first be approved by the Procurement and Commissioning Hub and it is essential that any procurement follows the framework process to remain compliant. Use of Frameworks Agreements must always be considered alongside all alternative procurement options and routes to markets,

- 8.6 The award of contracts, including evidence of authority to award, promoting to the Councils Contract Register, and the uploading of executed contracts must be undertaken on the London Tenders Portal including future management of the contract.
- 8.7 We will also need to ensure leaseholders engagement is undertaken as part of the mobilisation process to ensure all relevant legalisation is adhered to in regards to long term qualifying contracts, and to ensure that we can recover monies for relevant works completed under individual lease responsibilities.

9. Property Implications

No corporate property implications considered at this time.

10. KEY RISKS

<u>RISK</u>	<u>MITIGATION</u>
<u>Procurement Route</u>	
Model not tailored to our current position and future needs is adopted	Regular Engagement with the repairs task force has identified their preferred option as in-sourced Engagement with APSE to provide a summary report of the benefits and risk of the mixed model Will continue to engage with other relevant consultants as required
<u>Mobilisation/demobilisation</u>	
Ineffective service mobilisation	Develop a project board to drive the mobilisation of the service and keep progress under review
Civica implementation	The successful introduction of in-sourcing the responsive repairs service is reliant on the implementation of the Civica CX system which is programmed to go live in December/January 2019. Close monitoring of the Civica project team is in place and any projected delays will be escalated accordingly
IT infrastructure not in place	Ensure adequate resource in place and business support to deliver IT requirements. Back up arrangements with existing contractors procured
The existing contractor's performance dips significantly during the demobilisation period	Continue to work closely with the existing contractors to help manage the de-mobilisation
Cost overruns	The project group will provide financial control over the mobilisation budget

<u>Service development:</u>	
Available workforce on LBE pay grades and contracts	Significant marketing testing and benchmarking will need to be undertaken. It may be necessary to implement alternative packages
TUPE (poor quality transferred or no transfer)	Legal requirement, limited ability to influence Scaling up of MOT service gradually provides some capacity
Business support to mobilise the individual elements, especially around HR, Procurement and IT	Engage business early and often to gain commitment. Procure additional resource if required
External competition for staff	Ensure adequate benchmarking and flexibility in pay scales
Continuity of service during demobilisation of existing contracts	Look to engage contractor for a soft start mobilisation
Suitable back office support	Benchmark salaries, consider training and upskilling from within
Internal processes are not dynamic enough to support the pace required to develop the service	Work with governance teams to understand key milestones and potential bottlenecks. The delivery programme will need to be developed to reflect this.
<u>Service delivery:</u>	
Reputational risk for service failures fall directly on LBE	Ensure quality of staff, systems, quality control measures are in place ahead of go live
Poor quality of staff without the right front and back office skills	Targeted requirement and appropriate pay scales. Should we fail to recruit we could use an externally managed model DLO as an interim solution.
Poor quality control	Ensure an appropriate back office structure in place to check quality
Failure to support ongoing IT needs	Work with IT teams to understand need
Delivering and evidencing value for money	Develop a core KPI suite, benchmark against others
All H&S matters	Develop H&S training matrix, tool box talks
Fleet and driving issues	Adequate policies and controls in place
Maintaining the right supply chain	Ensure suitable procurement exercise undertake, due diligence
Higher delivery cost than existing model	Close cost control and governance mechanism will be in place overseen by relevant officers. Direct control will give us greater flexibility to change and alter the service should additional cost pressures occur and to look for service

	efficiencies where possible A 10% contingency has been included in the high level business plan
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11. IMPACT ON COUNCIL PRIORITIES - CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD

11.1 Good Homes in Well-Connected Neighbourhoods

The service will support the wider asset management strategy and resident safety programme in delivering well maintained homes which meet the requirements of our residents, help residents stay in their home and tackle fuel poverty

11.2 Sustain Strong and Healthy Communities

Our service will give us the flexibility to tackle both individual homes and the communities in which residents live. By taking a proactive approach to responsive repairs we will be able to help tackle anti-social behaviours and give residents pride in their communities

11.3 Build our Local Economy to Create a Thriving Place

We will focus on supporting residents into work opportunities within the service and using the local supply chain to support the service

12. PUBLIC HEALTH IMPLICATIONS

12.1 A sustainable system for the repair of the properties owned by the Council will have positive impact on public health. Well maintained houses improve health and wellbeing, and protect the residents from hazards such as fire, fungus, asthma and legionnaire's disease. In addition, in-sourcing could make the services more responsive to changes in Council strategy in particular Making-Every-Contact-Count approach and Health in all Policies approach to improving the health of the residents

13. EQUALITIES IMPACT IMPLICATIONS

13.1 An equalities impact assessment has been undertaken and the change in service has been considered as providing a positive impact on residents with no negative impacts identified.

13.2 The proposal will deliver a much-improved repairs service for residents, with more efficient systems for residents to report repairs on line and by the telephone. Move information about accessing the service will be made available to residents on line and in publications such as Housing News. There should be a seamless transition to the new service for residents with the only noticeable difference being an improvement in the customer experience.

However, we will map out the customer journey to improve the customer experience where possible.

- 13.3 The proposal also presents us with an opportunity to refresh our Special Repairs Policy which supports vulnerable tenants or tenants with an illness of disability and our approach to consultation and customer feedback
- 13.4 The proposal will have a minimal impact on current staff but will see an expanded in-house workforce, both operatives and back office, which may include a number of staff transferred from the incumbent contractors under the TUPE regulations.
- 13.5 A restructure EQIA will be completed when the Model has been approved and a workforce development strategy agreed to ensure staff have appropriate customer care skills and an understanding of safeguarding, the Council's equality commitments and obligations and GDPR issues. Staff will have agreed training plans to address any gaps in their skills and knowledge and receive regular support from managers. We will also seek to increase the number of female operatives in the workforce using the Council's apprenticeship scheme.

14. PERFORMANCE AND DATA IMPLICATIONS

- 14.1 A full suite of KPIs will be developed which measure as a minimum:
 - 1. Calls – received and answered within corporate timelines
 - 2. Repairs – right first time for each of the classifications (surveys, emergency, urgent, routine)
 - 3. Repairs – cost for each of the classifications (emergency, urgent, routine)
 - 4. Repairs – Customer satisfaction with repairs – overall service and actual repair
 - 5. Major works – Customer satisfaction with works
 - 6. Major works - % of projects on programme
 - 7. Major works - % of projects on cost
 - 8. Compliance – the full suite as already published
 - 9. MOT – number completed
 - 10. MOT – Customer Satisfaction
 - 11. MOT – number of actual repairs (link to cost saving)
 - 12. MOT – number of follow on repairs
 - 13. Compliant – number overdue
 - 14. Complaints
 - 15. MEQs – number overdue
- 14.2 This will allow us to monitor the service against targets and also against our local peer groups
- 14.3 The successful delivery of the service will require an improvement in the current performance, especially around right first time, and we will work with relevant stakeholders to determine the most appropriate performance levels. Initially however we would be looking for a reduction in the number of complaints received around the day to day repairs service.

15. HEALTH AND SAFETY IMPLICATIONS

- 15.1 The out-sourced model currently used leaves us vicariously liable for Health and safety of operative working on our projects. This is currently mitigated through the Contractors Health and Safety polices, driving policies, the CDM regulations, relevant insurance being in place and other measures. This is validated by LBEs Corporate Health and Safety Team undertaking regular audits of the contractor.
- 15.2 Any in-source model will mean that LBE take direct responsibility for all Health and Safety of operatives on site.
- 15.3 This will be mitigated by developing current Health and Safety approach for other directly employed operative into more specific approaches for this service. LBE will also need to ensure there is sufficient provision within our insurance policies.

16. HR IMPLICATIONS

- 16.1 In sourcing of day to day repairs will initially require circa;
- 30 multiskilled tradesperson delivering all works.
 - 3 dedicated plumbers/heating engineers
 - 3 Electricians
 - A number of apprentices to support the team which LBE will train and support through to full competency
- 16.2 This represents a realistically achievable workforce which could be recruited given the timescale (some of which may come through TUPE from the current contractors).
- 16.3 Excellent, timely and effective communication will be required by all parties to ensure that time frames are realistic, urgencies and legal processes are clearly understood, and workloads are effectively planned.
- 16.4 Elements of this proposal could constitute a service provision change under the TUPE regulations. Should this be a TUPE situation staff assigned to the provision of these services would be entitled to transfer in to the organisation with their current terms and conditions intact and these can only be changed in very limited circumstances.
- 16.5 The contractor, as the transferor, will lead the formal consultation process however significant support and engagement will be required from both the department and HR teams to ensure that statutory obligations are met, and the transferring employees are smoothly on-boarded and welcomed into the organisation.

- 16.6 In accordance with statutory regulations and Council guidelines, consultation will need to take place with staff and trade unions for existing LBE employees who may be impacted by this proposal.
- 16.7 New job role profiles will need to be produced and formally submitted to HR for evaluation. In addition, there may be a requirement to conduct wider industry research to understand the current market rate for these roles and ensure that we are able to offer competitive rates of pay whilst adhering to the ethos of equal pay for work of equal value. New roles should be recruited to in accordance with Council guidelines.
- 16.8 Any potentially displaced staff will be given access to the Council's Redeployment site and, should they be confirmed as displaced, they will have additional rights and will be entitled to be matched to suitable posts arising via redeployment. If redeployment proves unsuccessful, a redundancy payment and early retirement benefits will be payable as appropriate to eligible employees in accordance with current policy. Formal Redundancy Payment Approval will be required.
- 16.9 Consideration will need to be given to both the short-term resource required to recruit, on-board, equip and train these new employees and the long term ongoing support that an additional team of this size will require.

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Enfield Council Predictive Equality Impact Assessment/Analysis

NB if there is likely to be an impact on different groups of staff as a result of this proposal, please also complete a restructuring predictive EQIA form

Department:	Place	Service:	Housing and Regeneration
Title of decision:	Future of Responsive Repairs Service	Date completed:	
Author:	Garry Knights	Contact details:	garry.knights@enfield.gov.uk.

1 Type of change being proposed: (please tick)

Service delivery change/new service/cut in service	X	Policy change or new policy		Grants and commissioning		Budget change	
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2 Describe the change why it is needed, what is the objective of the change and what is the possible impact of the change:

The proposal is to in-source the day to day repairs service provided to tenants and leaseholders. The objective of the change is to improve the council's performance in relation to the repairs service and improve outcomes for residents

The Council is responsible for maintaining 10,500 tenancies and 5,000 leasehold properties. The repairs service has been contracted out for several years and whilst the service is improving, there are opportunities to enhance outcomes further with a new service model that gives the service more direct control over the repairs function.

The model will change back office functions but this will have limited impact on current permanent staff. There will be an increase in the number of staff employed by the service.

3 Do you carry out equalities monitoring of your service? If No please state why?

Yes; going forward we will get equalities data from the Data & Information service to help continue to shape services.

4. Equalities Impact

Indicate Yes, No or Not Known for each group

	Disability	Gender	Age	Race	Religion & Belief	Sexual Orientation	Gender reassignment	Pregnancy & Maternity	Marriage & Civil Partnerships
1. Does equalities monitoring of your service show people from the following groups benefit from your service? (recipients of the service, policy or budget, and the proposed change)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2. Does the service or policy contribute to eliminating discrimination, promote equality of opportunity, and foster good relations between different groups in the community?	Yes	No	Yes	No	No	No	No	No	No
3. Could the proposal discriminate, directly or indirectly these groups?	No	No	No	No	No	No	No	No	No
4. Could this proposal affect access to your service by different groups in the community?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
5. Could this proposal affect access <u>to information</u> about your service by different groups in the community?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6. Could the proposal have an adverse impact on relations between different groups?	No	No	No	No	No	No	No	No	No

If Yes answered to questions 3-6 above – please describe the impact of the change (including any positive impact on equalities) and what the service will be doing to reduce the negative impact it will have.

The proposal will deliver a much-improved repairs service for residents, with more efficient systems for residents to report repairs on-line and by telephone. More information about accessing the service will be made available to residents on line and in publications, such as Housing News. There should be a seamless transition to the new service for residents with the only noticeable difference being an improvement in the customer experience. However, we will map out the customer journey to improve the customer experience where possible.

The proposal also presents us with an opportunity to refresh our Special Repairs Policy which supports vulnerable tenants or tenants with an illness or disability and our approach to consultation and customer feedback

The proposal will have a minimal impact on current staff but will see an expanded in-house workforce, both operative and back office which may include a number of staff transferred from the incumbent contractors under the TUPE regulations.

A restructure EQIA will be completed when the Model has been approved and a workforce development strategy agreed to ensure staff have appropriate customer care skills and an understanding of safeguarding, the Council's equality commitments and obligations and GDPR issues. Staff will have agreed training plans to address any gaps in their skills and knowledge and receive regular support from managers. We will also seek to increase the number of female operatives in the workforce using the Council's apprenticeship scheme.

5. Tackling Socio-economic inequality Indicate Yes, No or Not Known for each group	Communities living in deprived wards/areas	People not in employment, education or training	People with low academic qualifications	People living in social housing	Lone parents	People on low incomes	People in poor health	Any other socio-economic factor Please state;
Will the proposal specifically impact on communities disadvantaged through the following socio-economic factors?	Y	Y	Y	Y	Y	Y	Y	Y
Does the service or policy contribute to eliminating discrimination, promote equality of opportunity, and foster good relations between different groups in the community?	N	N	N	N	N	N	N	N
Could this proposal affect access to your service by different groups in the community?	Y	Y	Y	Y	Y	Y	Y	Y
<p>The proposal will improve access to the repairs service for all residents. The current recharge policy will be enforced more robustly in the new model however recharge policy enforced – with mitigation for people on low income to manage costs incurred.</p>								
6. Review								
<p>How and when will you monitor and review the effects of this proposal?</p> <p>When the customer journey is mapped as part the implementation plan, a full review plan will be included</p>								

Enfield Council Predictive Equality Impact Assessment/Analysis

NB if there is likely to be an impact on different groups of staff as a result of this proposal, please also complete a restructuring predictive EQIA form

Action plan template for proposed changes to service, policy or budget

Title of decision: Future of repairs

Team: Housing Property Service. Department: Place

Service manager Garry Knights

Identified Issue	Action Required	Lead Officer	Timescale/ By When	Costs	Review Date/ Comments
Enhanced service for vulnerable, ill or disabled tenants	Update special repairs policy Agree how to mitigate	Garry Knights	March 2020	None	
More robust recovery of recharges for repairs	Review recharge policy to include details of when recharges will be waived to prevent hardship	Garry Knights	March 2020	None	
Seamless transition to the new model	Map customer journey to identify areas for improvement	Garry Knights	March 2020	Included in the implementation costs	
Improved website/access	Co -design web content with residents	Garry Knights	March 2020	Within current business cost	
Workforce development plan	Complete Training needs analysis and develop training plan for all staff	Garry Knights	March 2020	Training included in implementation cost	
Recruitment of apprentices	Progress with HR	Garry Knights	March 2020	Included in service delivery costs	
Equalities data not available	Develop a reporting tool to monitor equalities fully, as part of the mobilisation plan	Garry Knights	March 2020	Included in service delivery costs	

Please insert additional rows if needed

Date to be Reviewed: March 2021

APPROVAL BY THE RELEVANT ASSISTANT DIRECTOR - NAME..... SIGNATURE.....

This form should be emailed to joanne.stacey@enfield.gov.uk and be appended to any decision report that follows...

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**MINUTE EXTRACT OF THE MEETING OF THE OVERVIEW & SCRUTINY
COMMITTEE
HELD ON TUESDAY 9 JULY 2019**

4. CALL IN: FUTURE OF THE RESPONSIVE REPAIRS SERVICE.

The Committee received a report from the Director of Law and Governance outlining details of a call-in received on the Cabinet decision taken on- The Future of the Responsive Repairs Service (Report No:53).

Councillor Levy reminded everyone that discussion on the call-in should not be a political debate. An argument would need to be made to persuade members to revert the Cabinet decision back for their reconsideration, or the decision should stand.

Councillor Smith was invited to outline the reasons for call-in.

Councillor Smith thanked officers for the helpful answers he had received in response to the reasons he had given for call-in. He said there were two main reasons why he had called-in the decision. Firstly, because it was not clear that in-sourcing the management of elements of the housing repairs service would lead to the required improvements in the service, and secondly because there appears to be substantial financial and other risks involved that do not justify making the changes proposed.

He highlighted the following:

1. Improvements that are required to the day to day responsive repairs service could be made without the need to bring the service back 'in house'.
2. The changes suggested may lead to a deterioration in the current service
3. Officers have stated that improvements to the service would happen as investments are made to the housing stock with an increase in replacement rather than repairs. However, this should already be provided for under a planned maintenance programme. The Council can use information they possess to help in service provision for example to help vulnerable residents.
4. Changes to the in-house model would require agreement of trade unions and this may not be forthcoming
5. The service may deteriorate because there would be no competition and no penalties in place for inadequate/ sub-standard work.
6. The new changes would require additional responsibilities for officers and Cabinet members when they already face many challenges, it may be more appropriate to focus attention on improving the existing service.
7. The report has stated that the additional cost of bringing the housing repairs service in-house will be approximately £1.2m over two years and running costs would be kept within the current budget of £4.8m. However, this may be an underestimate as a range of assumptions have been made, for example that the number of repairs would be

reduced. Additional costs may apply in respect of labour costs. It is noted that only a 2% rate in inflation costs has been given. Also, if TUPE applies some people may not wish to cross over and new staff would have to be employed with a risk of higher pay.

8. An assumption has been made that the number of repairs would be reduced as a result of improvements to the housing stock. However, this was not apparent in the past when improvements had been made as part of an extensive programme to improve bathrooms and kitchens in our properties.

In conclusion, Councillor Smith was of the opinion, that the risks involved in the decision to in-source the responsive repairs service outweighed the advantages. He therefore thought the decision should be referred, back to Cabinet for reconsideration.

Councillor Needs, Cabinet Member for Social Housing responded to the reasons provided for the call-in. Joanne Drew (Director of Housing & Regeneration) and Garry Knights (Head of Housing Property Services) also provided information as follows:

1. A wide-ranging discussion was held at Cabinet to discuss the proposals for insourcing the responsive repairs service.
2. The changes proposed would provide an opportunity to review the service - to improve our ability to be able to respond more effectively. As major investments are made in the improvement of homes this would change the volume of responsive repairs.
3. Money invested previously focused on internal stock. Stock condition surveys have been undertaken which indicate that it is now necessary to tackle the infrastructure which in some cases are shown to be at the 'end of their life'. A strategic agenda is now needed to undertake this work. The HRA has significant capacity to enable us to make a step change to improve and enable us to make changes in a more streamlined way. We believe by insourcing we can achieve the fundamental changes that are needed over the next five years.
4. Direct control will mean cutting out levels of responsibility – we consult with two contractors at present, this would no longer be required. The proposals would allow us the flexibility to change the service to meet our future requirements.
5. The proposals allow for a phased approach to insourcing the day to day repairs service which builds on the in-house MOT repairs service which has helped to provide a quick response. We would continue to outsource compliance services with a view to consider bringing these in house in the future. As previously mentioned, we are able to identify vulnerable customers which helps us to provide a good responsive service.

The following questions/ issues were raised:

- It was commented that although there had been reports to OSC previously on the responsive repairs service and an OSC workstream on this subject there was no mention of this in the reports.

- The fundamental changes that appear to be needed for the future appear to be very complex and it is not clear from the report whether it is manageable. Joanne Drew stated that preparations had been made. There was a detailed mobilisation plan and a transformation team tasked to take this forward using an IT platform. There was a forward programme and a programme manager experienced to manage this.

NOTED – It was noted that Councillor Aydin arrived at this point of the meeting and would be unable to vote on this item.

- Reference was made to a SWOT analysis and questions were asked about whether the proposals were deliverable and if they could be delivered in time especially considering that the contracts had not worked well in the past. An answer was provided by Joanne Drew that we had the experience to deliver the changes required - the 'in house' MOT repairs service had shown that we can manage the responsive repairs service and we can continue to work with contractors using a 'phased approach' basis.
- Councillor Laban referred to previous problems the service had experienced with IT issues and asked what was being done differently this time to ensure this does not cause problems? She also referred to the MOT team – and asked how many people were in place. She spoke of the previous contracts which she said had been badly written. and asked whether people who had been working for our contractors would necessarily move over to our team?
Joanne Drew referred to IT provision for the service which she said was 'service-led' with support from the IT service. She said that should there be any failures to deliver, then we have 'workarounds'- a manual system would be in place. With reference to previous problems she thought this was not the fault of staff and we would be using 'Customer Voice' and mystery shopping to ensure standards are maintained. TUPE would apply for staff but at present we do not know the numbers of staff involved. Garry Knights was confident that that we could implement a good IT system but would also have a manual system in place should this be necessary. There are presently 6 operatives and 2 back office staff for the MOT repairs service, and this is anticipated to grow over time.
- Reference was made to penalty clauses for external contractors and whether the future system would be relying on 'goodwill'. Garry Knights said the present contracts are weak on sanctions and this does not usually work well for contracts of this type. Collaboration is the best system to work but with the need to manage performance by use of individual performance indicators and benchmarking in order to ensure efficiencies. The key issue is ensuring good customer satisfaction.
- A concern was expressed about deliverability and whether it would be more beneficial to work with existing contractors and getting customer service improvements by these means especially by working with staff on cultural sensitivity issues. Many problems in the past, have been about repeated problems occurring. We have looked at how other local

authorities provide this service and consider that the proposals are the best way forward using a slow phase by phase approach.

- It was questioned why the report did not include any reference as to how other local authorities provided the service. Garry Knights said Local Authorities have different approached some successful some failures it is usually dependent on how well they are managed.
- Councillor Aramaz said he welcomed the approach to bring the work in house which he thought would help in 'holding people to account'. He also did not think it appropriate for companies to gain profits from council housing. He asked what mechanisms would be in place for monitoring. Garry Knights referred to Paragraph 14 of the report which sets out the suite of KPI's to be developed to allow monitoring against targets.
- It was noted that there would be changes to the Council Housing Board, which is attended by Customer Voice representatives. Joanne Drew said there would be a broader sense of representation to include homeless representatives and those in temporary accommodation to look at all housing issues.
- It was asked if it would be possible for the existing contracts to be adapted to make it more agile and flexible. It was answered that we could vary the contract to some degree, but it would be difficult for our future requirements.

Councillor Smith was asked to summarise which was as follows:

- The current contracts come to an end in April 2020 although back up provision from existing contractors will be required beyond 2020. The timescale for change could lead to a risk, especially as he considers the current contracts are not fit for purpose. He suggested that we continue outsourcing the service but with additional mechanisms in place.
- Problems that arise may be due to contractors but generally it is a management problem. It is important that surveyors check specifications carefully and ensure work is completed correctly.
- There are advantages in having a competitive system – using contractors to get an efficient system in place.

Overview & Scrutiny Committee considered the reasons provided for the call-in and responses provided. Having considered the information provided the Committee voted to refer the matter back to Cabinet

The reasons for referring the matter back to Cabinet were as follows:

1: Whilst the principle and overall philosophy behind the Cabinet decision is generally supported by the Committee they felt that there was not the robust evidence to support the decision at present; and that the report itself was still something of a work-in progress.

2: In particular the issues of financial risks raised in the call-in and within the debate were not addressed sufficiently to persuade OSC to allow the detailed rather than headline decision to stand in its current form.

3: The Committee suggested that more detailed SWOT analysis of both the recommended and alternative options should be completed to more explicitly support the deliverability of a phased approach to in-sourcing the day to day repairs service; that more depth be provided to the grid lists of benefits of the phased approach; and some of the mitigations within the risk analysis should be fleshed out to address questions of how, when, and what.

Councillors Aramaz, Bond and Boztas voted in favour of the Cabinet decision. Councillors David-Sanders, Laban, Pite and Levy voted against. Councillor Aydin arrived at the meeting after the Call in discussions had started and was therefore unable to vote. The original Cabinet decision was therefore referred back to the Cabinet for reconsideration.

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