

MUNICIPAL YEAR 2018/2019 REPORT NO.

MEETING TITLE AND DATE:

7th November

Overview and Scrutiny

REPORT OF:

Executive Director of

Place – Sarah Cary

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Property Services

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Agenda – Part:

Item:

Subject: Housing Repairs – Update on improvements and future options

Wards: All

Key Decision No: KD4773

Cabinet Member consulted: Cllr Lemonides

1. EXECUTIVE SUMMARY

- 1.1. The Housing service in Enfield carries out circa. 54,000 repairs and services annually to the borough's housing stock through a total of 4 external contractors (2 for Responsive Repairs, 2 for Mechanical and Electrical (M&E) works). All of these 5-year contracts are due to expire in March 2020, with the option of extensions for a further year or more.
- 1.2. In light of concerns about current performance, an improvement plan is currently in place, and consideration is being given to how these functions can best be delivered in future.
- 1.3. This report sets out a a) progress to date in improving the customer experience for responsive repairs, and b) a timeline for a full options appraisal of future delivery models, and a recommendation to Cabinet based on the outcome of that analysis.

2. RECOMMENDATIONS

- 2.1 That Overview and Scrutiny Committee note the establishment of the officer/member repairs task force and the improvements made since its inception, along with the work of the Transformation team on repairs.
- 2.2 That Overview and Scrutiny Committee note the creation of a small in-house 'property MOT' team under delegated authority to work alongside the term contractors, improving the quality of stock data and resolving routine repairs issues.
- 2.3 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
- 2.4 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.
- 2.5 That Overview and Scrutiny Committee review the paper and provide feedback

3. BACKGROUND

- 3.1. As a social landlord the Council has a total of over 14,500 properties in management, occupied by circa 10,000 tenants and circa 4,500 leaseholders. Approximately 54,000 repairs and services of all types are carried out each year across these properties.
- 3.2. The current partnerships with private contractors mean that day-to-day repairs are delivered by 2 term contractors, MCP Ltd. and MNM Ltd., whilst T Brown Ltd. and Purdy's Ltd. deliver mechanical and electrical repairs and all compliance works.
- 3.3. The existing contracts all end in March, with the option of up to 5 one-year extensions. Within the contract is a requirement to give 1 years notice of any contract extension, therefore notice would be required by April 2019.
- 3.4. Our current delivery model has multiple repairs contractors across the borough which has led to a fragmented service which is difficult to deliver consistently to the required standard. The current perception of the existing contractors is largely negative based on resident and member feedback – while the service they offer could be improved, analysis of these difficulties suggests they also reflect previous procurement and mobilisation being sub-optimal and creating structural problems with the contracts.
- 3.5. In order that we tackle the issues of poor performance Council Housing has put in place a repairs task force, with member involvement, and worked closely with staff in the Transformation team who have identified housing repairs as a key process for improvement in the Customer Experience Strategy.
- 3.6. To supplement these intensive efforts to improve delivery through the contracts in the short term, a decision has now been taken to set up an internal 'property MOT' team to drive improvements and to test the operation of a 'hybrid' model for the stock in which contractors and directly employed staff each have an operational role.

4. Repairs Task Force

- 4.1. The repairs task force was created as a working group made up of Cllrs and officers who would take a targeted approach to identify and implement improvements.
- 4.2. Key to the success of the Task force has been the creation and monitoring of a number of performance indicators which have targeted officers' efforts in driving improvements.
- 4.3. The below table shows the improvement made in service since the creation of the task force;

Measures	Actions	Week 1 (2/8/18)	Week 15 (25/10/18)
1. Number of overdue repairs	Wider circulation of data to teams, intensive contract management, tightening of timescales on variation approvals	705 (6044) 11.7%	723 (12,862) 5.6%
2. Number of outstanding complaints (Stage 1 and Pre-complaints)	Ensure complaints closed when works completed; better analysis of complaints to address underlying issues	45	14
3. Number of complaints upheld	Incorporate into contract management meetings; better analysis of complaint reasons to identify where improvements need to be made.	8	7
4. Number of missed appointments (Appointments reported to the contact centre by residents as missed)	Proposed - contractors to contact call centre when they have a no access so outbound call can be made to resident to ensure they are not at home or less than 5 minutes away. Review of contractor appointment slots to minimise the changing of appointments by the contractor.	9 (370) 2.4%	5(555) 0.90%
5. Percentage of first time fixes	Surveyor based in call centre providing technical advice on correct priorities and codes. / Call centre staff (specialists) to re-locate to housing? Refining call centre scripts to improve diagnostic stage Options appraisal for call centre function Increase contractor self vary limit to £250 / streamline variation process / increase number of post-inspections / amend process and/or system to 'automate' approval up to limit	1058 (4027) 26.27%	105 (198) 53.0%

Measures	Actions	Week 1 (2/8/18)	Week 15 (25/10/18)
6. Overall customer satisfaction with the repairs contractor	Intensive contract management, ensure our surveys include the right questions Drill down to contractor q/a's rather than overall service Consider transferring to market research company through tender	82.79%	83.71%
7. Number of penalties/sanctions sent (Current penalties for missed appointments)	Ensure we are issuing all penalties in accordance with the terms of the contract Initial focus on main areas of concern (e.g. missed appointments, repairs completed out of time) Financial penalties applied in first phase (default notice as reserve position)	9	5

5. Transformation team

- 5.1. As part of the Housing Systems Programme, staff from the Transformation team were tasked with undertaking a review of several existing processes relating to repairs and understand where these failed to deliver customer focussed outcomes.
- 5.2. A total of 26 improvements were identified, some of which relate to the culture of the service and contractors while others are more IT- and process- driven.
- 5.3. Flowing from this work and related analysis within Housing, a number of 'quick wins' have been implemented including the following: improving the appointment process by ensuring contractors confirm appointment times in advance: changing the job variation limits to reduce the need for repeat inspections; making use of the financial penalties available to the Council (through which for example contractors pay tenants a compensation fee for missed and late appointments); and giving more ownership of issues to Council Housing staff through stronger performance management and information-sharing.
- 5.4. A number of other items are in the process of being implemented, including improving scripts for customer service staff, to improve the accuracy of the instructions going to contractors, and the introduction to the Call Centre of a new 'repairs diagnostic' software tool, which further improves identification of necessary repairs at the first point of contact.

- 5.5. An operational project board has been set up including members of Housing property services, customer service team, IT and the transformation team to continue to deliver improvements on the processes.

6. MOT Team

- 6.1. To enhance the above actions aimed at achieving service improvements, and to inform the consideration through the options appraisal of moving to an in-house delivery model, we are also establishing a 'property MOT' team within the Housing Property Repairs Service. This is a cyclical maintenance approach aimed at reducing the high cost and high resident impact of day to day responsive repairs.
- 6.2. On an agreed cyclical programme each property is visited, a standard checklist of items is checked, and any small repairs identified will be completed without being referred to contractors. These checks will tackle problems before they become a repair, moving from a reactive to a planned approach.
- 6.3. A typical MOT will take 1-2 hours and all items which generally result in repairs calls will be checked. These checks will tackle problems before they become a repair and essentially improve the condition of the property. The focus of the team will be minor repairs, although the team will also raise jobs, larger jobs and make appointments for further visits.
- 6.4. Whilst this is an approach which can be used to address issues in all of the stock, initially it will be targeted towards both high and low users of the repairs service, i.e. properties with persistent repairs issues and those where the absence of any repairs being logged gives rise to a concern about the condition of the property and/or the possible vulnerability of the resident. By targeting these categories we can tackle both problematic properties and those residents who may be using a disproportionate amount of the overall repairs resource. The team will also act as a 'troubleshooting' team who the Council will be able to direct in a more flexible way to tackle a range of issues for residents.
- 6.5. Initially we plan to engage 3 teams of two multiskilled in-house operatives, plus 1 planner/manager to oversee the programme. Recruitment will commence shortly. The team will be fully funded from existing Housing Revenue Account budgets – we are confident that these additional staffing costs will over time be wholly offset by a reduction in revenue spend, as fewer repairs need to be carried out by contractors and funded from the same budget source.

7. Timeline for future delivery model

- 7.1. Following discussions with members, in the coming months a full options appraisal will be conducted to arrive at recommendations for the best future service model. This will include analysis of benchmarking data, for example from the independent Housemark survey, to compare performance and costs under the current arrangements with those of other social landlords. Visits to other boroughs are also envisaged, as well as a robust analysis of all local intelligence and data to arrive at a fully considered view of the best way forward. This approach will also ensure that we learn all the lessons of the previous procurement and mobilisation exercises and arrive at the best set of future arrangements for residents and stakeholders.
- 7.2. In November 2017 the Overview and Scrutiny Committee recommended as part of their repairs workstream report that a feasibility study should be carried out into bringing the repairs service in-house. This feasibility study will form part of the options appraisal described above, and can now incorporate consideration of the property MOT team as a partial in-house model.
- 7.3. The issues with the current repairs service have been further exacerbated by procuring all repairs, compliance and major works contracts at the same time and with the same contract durations. It is therefore proposed that we look to stagger any procurement of these contracts in future. This change was recommended by the Overview and Scrutiny Committee in their report on repairs in November 2017.
- 7.4. We also believe it would be advantageous to move from two overall compliance contracts (in the North and South of the borough) to a number of individual contracts for the whole borough, e.g. for gas servicing in all properties. This will ensure the right specialist contractors are responsible for key areas of compliance, enhancing the safety of residents. It will also eliminate potential conflicts of interest. The proposed timeline below will allow officers to determine a more appropriate approach based on investigating all the available models.
- 7.5. The proposed timeline would mean that the existing contracts may need to be extended for circa 4 months whilst we mobilise new contracts. Any such extensions will follow existing contract structures and will be carried out according to the council's procurement rules.
- 7.6. The following indicative timeline shows how the service will complete the options appraisal, make a recommendation to Cabinet of the preferred future model, and then take the necessary steps to implement whatever option is selected. The key dates shown are common to all potential models, so that the new arrangements commence in August 2020. This is a provisional overall timescale as the exact timing of the steps towards implementation may vary according to the option which is selected.
- 7.7.

<p>November 2018</p> <p>November 2018 – April 2019 Options appraisal</p>	<p>November Cabinet Approval of options appraisal and overall timeline.</p> <p>Activities; Further involvement of repairs task force Key driver discussions, Full options appraisal Peer visits Assessment of feasibility of in-house model (including property HMO team) Customer engagement Strategy for staggering contracts</p>
<p>April 2019</p>	<p>April Cabinet</p> <p>Approval of recommended option based on the above information Key considerations include; length of contract (where applicable) social value requirements scale of works for partners and/or in-house service value for money/impact on HRA Business Plan relationship of responsive repairs to planned/cyclical repairs and of both to capital programme, major works Legal requirements, procurement rules, etc. ,</p>
<p>April 2019 - June 2019</p>	<p>(Subject to above decision) Preparation of; Tender approach (cost/quality, tender questions, minimum requirements etc) Works and product specifications Tender documents Repairs history Draft Contracts Other relevant information OR Notification of termination Consideration of TUPE/contractual issues etc.</p>
<p>June 2019 - February 2020</p>	<p>(Subject to above decision) Full OJEU tender process Timeline includes provision for full stages, cool-off periods, challenge periods OR Transition to new model (in-house/hybrid)</p>
<p>March 2020 - April 2020</p>	<p>(Subject to above decision) Contract Award Including any further required negotiations Execution of Contracts</p>

March 2020	Existing Contracts End
April 2020 -August 2020	(Subject to above decision) Contract mobilisation period Short extension of current contracts IT integration (Civica/Northgate issue) Cultural integration Call centre training Recruitment (internal/external) TUPE Supply Chain engagement Demobilisation of existing contractor (significant risk) OR Transition to new model (in-house/hybrid)
August 2020	Go live of new delivery model

8. NOVEMBER 2018 – APRIL 2019 TASK FORCE ACTIVITIES

8.1. As highlighted in the above table several actions will need to be undertaken prior to a recommendation being developed.

8.2. Key to understanding the potential solution is an understanding of our requirements from the future delivery model. These discussions will need to determine the relative importance of a number of factors including;

- internal/external delivery balance,
- length of contract,
- preference for partnering/Joint ventures,
- importance of social value,
- local supply chain,
- balance between cost and quality/customer outcomes
- level of control to be exercise by Council
- assessment of risk – appropriate model to mitigate and/or share financial/ reputational risks
- cultural influence
- appropriate scale of task for each party

8.3. Once these factors have been determined it will be possible to determine the most suitable model to deliver each of the requirements. A number of solutions are being considered and will be appraised ahead of a Cabinet recommendation, including;

- Full in-source delivery
- Creation of a Special Purpose vehicle (SPV)
- Full out-source solution through re-procurement

- Mixed or 'hybrid' delivery model, e.g. externally managed in-sourced delivery, mixture of delivery between partners and direct provision
- Joint venture/partnering approach
- Cost Sharing Model

8.4 An options paper already prepared for the repairs task force appears as Appendix A. This will form the basis of the options appraisal workstream and will be refined as this work progresses.

9. ALTERNATIVE TIMELINE OPTIONS CONSIDERED

9.1. Consideration was previously given to seeking cabinet approval for the future delivery model in November 2018, but for the reasons given above this is not recommended.

9.2. It may be possible to mobilise new contracts in a shorter period with a partial service based around manual processes, however we would be unlikely to see any initial service improvement (in fact we may initially see a worsening of service) and Cllrs would need to accept this compromise.

9.3. The timeline for moving to an in-house model may be different from the indicative timeline for all options set out above, as this would not require the same level of compliance with statutory procurement periods. It is recommended however that a relatively long period is still approved for what will be a significant change with impacts on budget, contracts, TUPE, and building the service's capacity.

10. REASONS FOR RECOMMENDATIONS

10.1 As detailed above part of the issues with the existing contract performance is because of poor procurement choices and poor mobilisation on the current contracts.

10.2 The approach of allowing sufficient time to undertake a fuller options appraisals exercise and allowing a suitable mobilisation/conversion period is recommended to achieve the optimum model. The service will continue in the interim to work on performance improvement with the current contractors, resulting in ongoing improvements in residents' experience of the repairs function.

11. COMMENTS OF OTHER DEPARTMENTS

11.1 Financial Implications

The repairs contract budget is included within the HRA 30-year business plan with annual inflationary increases. Therefore, extending the contract for a further 4 months will not affect the financial position.

11.2 Legal Implications

- 11.2.1 Under Section 11 of the Landlord and Tenant Act 1985 the Council, as Landlord, has the responsibility for keeping its property in good repair.
- 11.2.2 Section 111 of the Local Government Act 1972 permits local authorities to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of their functions.
- 11.2.3 In addition the Council has a general power of competence under Section 1(1) of the Localism Act 2011 to do anything that individuals may do, provided it is not prohibited by legislation and subject to Public Law principles.
- 11.2.4 The recommendations in this report will enable the Council to facilitate its housing and lessor functions
- 11.2.5 The Council must comply with all requirements of its Constitution, Contract Procedure Rules (“CPRs”) and the Public Contracts Regulations 2015 (“PCR 2015”).
- 11.2.6 The proposed extension of the current contracts for 4 months from April 2020 must be in accordance with Regulation 72 of the PCR 2015
- 11.2.7 So far as the possible new procurement is concerned as the contracts are likely to be over the EU threshold a formal tender process must be undertaken, in compliance with EU requirements or a compliant Framework be used
- 11.2.8 The Council must ensure value for money in accordance with the overriding Best Value Principles under the Local Government Act 1999.
- 11.2.9 All legal agreements arising from the matters described in this report must be approved in advance of contract commencement by the Director of Law and Governance and Legal Services.

11.3 Property Implications

- 11.3.1 None identified at this time

12. KEY RISKS

- 12.1 Make a hasty decision – Council officers and Councillors do not have all information to hand and could potentially make a poor decision on the future direction of the repairs service, replicating previous mistakes
- 12.2 Deterioration in service – the existing Contractors performance may slip if they are unsure of the future of the contract

13. IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD

- 13.1 *Good homes in well-connected neighbourhoods* – a high quality well performing repairs and maintenance service will ensure the highest possible quality of homes is provided to our customers
- 13.2 *Sustain strong and healthy communities* – well maintained homes and neighbourhoods will help to improve lives for our residents who in turn may invest in their local communities
- 13.3 *Build our local economy to create a thriving place* – a full assessment of delivery option for the repairs service will allow assessment of the use of SMEs and local supply chains which support our local economy

14. EQUALITIES IMPACT IMPLICATIONS

No assessment has been undertaken as the repairs service is open to all residents of LBE council housing.

15. PERFORMANCE AND DATA IMPLICATIONS

The performance of the MOT team and progress of action against the proposed timeline will be monitored by the repairs task force and regular updates to the portfolio holder for Council Housing.

16. HEALTH AND SAFETY IMPLICATIONS

There are no H&S implications involved with approving the proposed timeline.

A full H&S assessment will be undertaken (and document suite established) to include all risk assessments, safe working practices, PPE and relevant training as part of the mobilisation stage of the MOT project.

17. HR IMPLICATIONS

There are no HR implications involved with approving the proposed timeline.

Additional staff will be recruited to deliver the MOT service, this will be funded from existing budgets

18. PUBLIC HEALTH IMPLICATIONS

There are no public health implications involved with approving the proposed timeline.

The establishment of the MOT team will provide an opportunity to identify vulnerable residents, highlight safeguarding issues and identify properties which are suffering from inherent defects which potentially cause health and wellbeing issue. Feedback from the MOTS will be shared with the appropriate teams.

Appendix A – Ridge Report