

(1) Reason why decision is being called in:

1. The decision by Cabinet on 12th June 2019 to in-source the management of elements of the Housing Repairs Service is being called-in because:-
 - A) this will not lead to the required improvements in the Service, and
 - B) the substantial financial and other risks outlined in the report do not justify making the changes proposed.

Summary

2. The Council has utilized external contractors to undertake day to day repairs to the Council's housing stock for many years. The poor performance by the council in managing the four current external contractors appointed in 2016 is set out clearly (for the first time) in Paragraph 4.9 of the report.

3. It is noted that only day to day responsive repairs are to be brought back in-house. Compliance services, such as gas and electrical compliance, will continue to be outsourced as will works to void properties. Evidently back-up provision from existing contractors will be required beyond 2020. Cyclical maintenance and major works will continue to be outsourced, but with a view to bring them in-house at some point in the future. It seems the Council recognizes that this is a high-risk strategy.

4. Following internal staff changes, the management of the day to day repairs service has got better in terms of customer satisfaction and technical performance over the past 6 months as reported in para. 3.3 of the report, but there is still considerable room for improvement. The Council's aspirations for the repairs service going forward set out in Paragraph 3.11 have widespread support, but it is not clear from the report why these improvements could not be achieved under the current arrangements with the existing or new contractors going forward with fewer significant risks.

Financial Risks

5. The report claims that the additional cost of bringing the Housing Repairs Service in-house will be approx. £1.2m over two years. It is said the running costs can be kept within the current budget of £4.8m p.a. with a modest uplift in future years to compensate for inflation.

6. Under the financial implications set out in para. 6.6, significant costs items shown below do not appear to have not been fully factored into the proposed operations budget:

- The unspecified cost and period of parallel running by the exiting contractors.
- The costs of managing and maintaining the new fleet service.
- The staff costs of managing and monitoring the new arrangements

- The costs of introducing and managing the new Civica IT system
- Other unspecified direct and indirect corporate and customer service costs

7. At the expiry of the current contracts, some or most of the current operatives will TUPE across to the Council. The Council will then be forced to employ the same staff who it is claimed have provided such a poor service in the past. Staff who do not TUPE across will need to be replaced by new staff in a buoyant London construction market. The Council will be at risk of having to employ new staff at higher rates of pay or having to recruit inadequate staff who do not meet the council's requirements. In a unionized council environment this is likely to lead to higher wages and higher costs in the future plus poorer performance.

Practical Risks

8. Under external provision, the responsibility for incentivizing and disciplining operational staff is left with the contractors, who will normally have a strong financial interest in achieving high standards. This process only works as it should, however, where the Council's client management takes a robust role and the works contracts used are fit for purpose (e.g. including appropriate penalty clauses). Unfortunately, neither has been the case in Enfield.

9. The main reason for putting forward these proposals is that it will give the Council greater control and allow it to drive improvement in performance. This is far from true. The only lever available to the Administration to maintain and improve the standards of its own workforce will be the pressure that can be brought to bear on senior staff by the Cabinet Member responsible. Cabinet Members with the time and experience necessary to undertake this role successfully are few and far between. In reality, the calibre and experience of Cabinet Members varies considerably as does turnover and the priorities of the Administration. Moreover, the Cabinet Member will inevitably find it difficult to retain focus because they will be inundated with the financial, employment disputes and training aspects relating to managing the process that was previously the responsibility of the external contractors.

(2) Outline of proposed alternative action:

All in all, the costs and risks of this new approach in the writer's view greatly outweigh the likelihood of maintaining cost neutrality or of improved performance. The Cabinet is urged to reverse this decision and institute a procurement process to identify experienced contractors with appropriate financial backing and the right culture fit together with more adequate forms of contract that will allow the Council to manage the process properly. At the same time the Council needs to root out deficiencies in its internal client services role with particular emphasis on much better monitoring of contractor performance. The problems with its IT arrangements also need to be resolved before any new contracts are entered into.