

**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.