

Report to the Audit & Governance Committee



**Epping Forest
District Council**

Report reference: AGC-029-2012/13
Date of meeting: 5 April 2012

Portfolio: Housing

Subject: Housing Repairs Service - Control and Risk Management

Responsible Officer: Paul Pledger (01992 564281)

Democratic Services Officer: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

(1) That the control measures and Risk Management arrangements within the Housing Repairs Service as set out in the report be noted.

Executive Summary:

At its meeting on 9 February 2012, the Audit and Governance Committee asked that a further report on the new control and risk management arrangements within the Housing Repairs Service and Maintenance Depot be submitted to the next meeting. This followed the Committee considering a Depot Audit in 2011 which was attributed a substantial assurance.

This report sets out the new control and risk management arrangements currently in place or planned within the Housing Repairs Service.

Reasons for Proposed Decision:

This is a follow-up report at the request of the Audit and Governance Committee at its previous meeting in February 2012.

Other Options for Action:

This report is for noting only. No other options are available for action.

Report:

Background

1. In September 2009, the Audit and Governance Committee received a presentation on a review of the Housing Repairs and Building Maintenance Works Unit. That presentation was around 12-months after a Corporate Restructure, which saw the Building Maintenance Works Unit join the Housing Directorate. The Committee at that time were advised of the controls and changes that had taken place, and also of plans that were in place for the future.

2. The committee heard about the relocation of the Housing Repairs Service to the Epping Depot to enable closer working with the Building Maintenance Works Unit; the introduction of pre-inspections by tradesmen enabling Repairs Officers to undertake more Post-Inspections; trackers being installed in all fleet vehicles; Tool-box talks with all staff,

including office based staff, technical Officers as well as the manual workers; the commencement of electronic ordering using the Council's Corporate "Marketplace" to replace the manual order pads; the introduction of pre-vacation inspections for voids to highlight to tenants the need to hand back properties in a better condition (allowing quicker turn-around for voids and reducing the burden of having to recharge tenants for damage they may have caused); a reduction of the routine repair target from 8 to 6-weeks; the phasing out of ad-hoc sub-contractors not on contract and the use of framework contractors to undertake certain capitalised repairs; weekly stores spot checks; and a crackdown on sickness absence in line with the Managing Absence Procedures.

3. To put this into perspective and to give an example of the outcome of closely managing absence, it is worth noting that between November 2008 and January 2012 there has been a 45% reduction in the amount of unproductive time lost as a result sickness absence (from 8.32 days per employee to 5.41 days per employee on average)

4. Another example is the reduction in the use of sub-contractors not engaged through formal contracts. In 2008/9 the total expenditure with sub-contractors not engaged through a contract was £848,977. However, that has reduced to around £317,000 in 2010/11.

5. In terms of future plans, the Committee were advised of plans to introduce a commercial Repairs Management Contractor to help the Council to operate in a more controlled and commercially orientated manner to ensure good services to our tenants and value for money at the same time. The committee also heard of plans to restructure the Housing Repairs Section and the Building Maintenance Works Unit to create one combined Housing Repairs Service. Each of these were considered and monitored by a Repairs Advisory Group consisting of the Housing Portfolio Holder, the Finance and Performance Management Portfolio Holder, the Chairman and Vice-Chairman of the Housing Scrutiny Panel, the Chairman and Vice-Chairman of the Tenants and Leaseholders Association as well as the Director and Assistant Director of Housing (Property).

Restructure of the Housing Repairs Service

6. The formation of the Housing Repairs Service was a combination of Housing Repairs and the Building Maintenance Works Unit. This restructure saw the separation of the administrative back-office functions from the more technical and supervisory functions. The service was separated into an North and South split with Area Managers and Assistant Area Managers supervising a share of the trade operatives. This significantly increased the level of supervision beyond what was previously in place.

7. More customer focus was put in place with a new Customer Repairs Manager, Customer Repairs Team Leader and a Tenant Liaison Officer. Along with the Customer Repairs Assistants, these new posts form the "back-office" administrative support, who focus on answering calls, raising orders (on OHMS or on Marketplace), make appointments, manage the materials stores, monitor performance as well as deal with complaints.

8. The Cabinet approved the restructure of the Housing Repairs Service at its meeting in November 2009, which saw savings of around £60,000 per annum, equivalent to 10.6% of the salary budget.

Appointment of the Repairs Management Contractor

9. The appointment of the Repairs Management Contractor was an innovative approach to combining the public and private sectors to get the best of both and to minimise risks to the Council.

10. The tenants and Leaseholders Federation have previously supported the in-house Repairs Service and were certainly not supportive of a wholesale out-source of the service. Tenant satisfaction has always been recorded in excess of 98% locally and in the top quartile based on independent "Status" surveys. The term "If it is not broken then don't fix it" often came up at meetings from tenants. However, this needed to be balanced with the continued failure to meet repairs completion targets. The targets themselves were not challenging either when compared to other benchmark organisations.

11. Therefore, "In-sourcing" was seen as an innovative solution that would inject commercial best practice into a customer orientated organisation. Since there were no other examples of this kind of contract, the Council sought expert procurement advice and an EU procurement exercise was undertaken. The outcome was the appointment of Mears, which was endorsed by the Cabinet in March 2011.

12. In terms of risk, the benefits of in-sourcing are such that the staff remain as Council employees, but are managed by a Housing Repairs Manager employed by Mears. Should Mears cease trading or perform poorly enough for the Council to determine the contract, then the service itself could continue to operate with little impact.

13. The contract is based on three priced elements. These are the day to day management of the Housing Repairs Service as well as other commercial and specialist advice and support (Services costs); lump-sums for the implementation of five very specific projects (key deliverables); and an incentive payment for achieving a set of defined performance targets, all of which would achieve top-quartile performance.

14. The new management structure of the Housing Repairs Service combined with the three elements to the Repairs Management Contract are what drives the Housing Repairs Service to performance to a higher standard, puts in place better day to day management controls and risk management.

15. Four of the five "Key Deliverables" as part of the Mears appointment are all linked to the implementation of a new contractor focused IT system. The system put forward and now implemented at the Epping Depot by Mears was their own MCM programme. MCM records each job on a database and then processes that job all of the way through to completion. This includes making the appointment, allocating the job to a tradesman via a mobile smart-phone (or PDA), photographing all repairs before and after, records materials used and also collects the tenant satisfaction survey. As the system is live, it date stamps every stage of the process and records who actions each keystroke on the database and PDA. The PDA are also tracked by GPS in the same way as the vehicles

16. Details of the controls (and benefits) are set out below. However, it should be noted that the IT system went live on 9th January 2012 on a phased implementation, so the controls are not applicable to every member of staff at the time of writing:

(a) The whole process is IT driven, eliminating the need for any paper tickets. Since access is password protected, each action is audit stamped against an individual, with authorisation levels set depending on responsibility.

(b) Each operative is issued with a PDA, which is sending and receiving live data. Each job is allocated to the tradesman in an order that is determined by a "Planner" who can see all jobs on a screen as they come in and can also see each tradesman's allocated work in the diary. The Planner can then control which job is allocated to which operative based on his/her knowledge of their impressed material stock on the van, the skill level of the craftwork, the geographical position of each tradesman, and any other appointments they may have already booked in.

(c) When a repair request is received, an appointment is made (based on am or pm) and a text message is sent to the tenant to confirm that appointment. A further text message is sent to the tenant the day before the appointment to remind them an operative will be calling the next day. Once the tradesman completes the previous job and therefore receives the next job, they are prompted to estimate the length of time it will take them to arrive at the next address. This prompt then generates a further automated text message to the tenant to say the tradesman is on his way and will arrive in "X" minutes time. This has resulted in a substantial drop (around 70%) in the number of "No Access" calls where the tenant is not in, a far higher rate of jobs being completed by our operatives and a drop in the reliance on sub-contracted labour.

(d) Each PDA has an in-built camera, which operatives are expected to take before and after photos of each job. Where variations are necessary, or advice is needed from a line manager, then a photo can help that supervisor to understand the circumstances and help give advice or a decision on the spot.

(e) Each data input entry on the PDA is date and time stamped. In addition, it is geographically stamped using GPS technology so that any job can be interrogated for date, time and location.

(f) As each job is recorded live, performance against targets is measured to the nearest second. This generates regular reports for each Area Manager on the productivity of each operative.

(g) Each job can be accurately costed based on time taken to complete a repair and the materials used, making recharges for leaseholders much easier to present and evidence.

(h) Repairs inspectors are also using the PDA's to receive appointments, photograph and register responsive repairs.

(i) Since the PDA is a smart-phone device, and is always actively searching for a signal or is connected to the internet, this significantly reduces risk to staff who work on their own out on site in line with the Council's No Lone Working Policy.

17. It is clear from the above points that the IT system has significantly enhanced the controls and risk management over the Housing Repairs Service. However, with such a stepped change in working practices has to be managed with adequate consultation, training and support put in place for staff, which is the role of the Mears Housing Repairs Manager. Mike Gammack is based at the Depot on a full time basis and is constantly Supervising the Managers and meeting with staff to explain the benefit and the demonstrate the functions of the IT system. Other specialist support from Mears is also on hand, and regularly called upon to provide H&S advice and spot site inspections; giving procurement advice on materials supply; providing IT and Customer Care support for front line staff dealing with tenants on the phone etc.

18. Since 9 January 2012 when the MCM system went live, the Housing Repairs Service has undertaken approximately 3,300 responsive repairs, a high percentage of which are undertaken by appointment. The average job cost for each of these is £80. Comparing this to other contracts that Mears are involved with, that average cost is around £10 per job less when compared to similar Local Authorities outside of London, and some £25-40 per job cheaper when compared to some London Authorities.

19. The final "Key Deliverable" relates to the supply of materials and overcoming the

previous past weakness in the day to day operation of a materials stores. The Council has recently issued an OJEU notice and has short-listed five potential suppliers for materials supply. This is aimed at improving administrations efficiencies (by linking to MCM) obtaining better value on price and also reducing risk associated with materials missing from the stock inventory. Tenders are due to go out later in the summer with a target start date around October 2012.

Management of Voids

20. Good, top quartile void performance statistics have eluded the Housing Repairs Service in the past. As a result of the restructure, and with the help of Mears, time has been devoted to exploring ways to improve the void management procedures and practices.

21. A Customer Repairs Focus Group, which is a panel of tenants, have considered and agreed a void standard, which is now the benchmark for all voids at the point of letting. A pilot scheme has recently been tested with one of the Council's Framework Contractors, which has seen the turn-around times for voids reduce from an average of 30 days to 10 days. The quality of the works have been tested through joint inspections between Officers and a Tenant Representative from the Customer Repairs Focus Group.

22. Following the success of the pilot, other Framework Contractors are now being introduced to the programme as well as our own Operatives.

The Future of the Housing Repairs Service

23. With potentially all of the 5 initial "Key Deliverables" being implemented and operational within the first 18 months of the contract, the Repairs Advisory Group will consider further key deliverables to be set for Mears to deliver over future years. These will be costed based on the framework of rates included in the tender.

24. With the MCM IT system expected to be fully functional by May 2012, with all Operatives receiving their works instructions via PDA's, it is expected that the Council will start to see a stepped improvement in KPI results.

25. With better controls in place to manage the performance and productivity of the Council's own workforce, the Repairs Advisory Group have, and will continue to, monitor the performance of the Repairs Management Contractor.

26. Throughout the period since the Repairs Refresh Programme commenced in 2008 leading up to and since the appointment of Mears as the Repairs Management Contractor, tenant satisfaction remains at over 98%. It was always feared that satisfaction would go down if the Housing Repairs Service adopted a more commercial approach to the way it operated. However, to date, this has not proved to have been the case.

27. As an innovative concept, Officers of the Council and Mears have jointly attended a number of nationally organised Housing related conferences and have given presentations on the benefits of "In-sourcing", with many other organisations now looking to follow a similar approach. Housing Associations are the biggest beneficiaries of such an approach since they would benefit from a 20% saving in VAT on the labour element of a responsive repairs service compared to an "Out-Sourced" model that most currently have. In addition, with a number of high profile Contractors ceasing to trade, this low risk option is now more appealing than ever before.

Resource Implications:

N/A.

Legal and Governance Implications:

Housing and Regeneration Act 2008.
Housing Act 1985.

Safer, Cleaner and Greener Implications:

N/A.

Consultation Undertaken:

None.

Background Papers:

Internal Audit Report dated January 2012.
Cabinet reports on the restructure of the Housing Repairs Service and the appointment of the Repairs Management Contractor.
Reports to the Repairs Advisory Group, tender and contract documentation relating to the appointment of the Repairs Management Contractor.

Impact Assessments:

Risk Management

Nothing to add other than as set out in the report.

Equality and Diversity

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? N/A

What equality implications were identified through the Equality Impact Assessment process?
N/A.

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/A.