
HOUSING REPAIRS AND MAINTENANCE

Responsible Cabinet Member - Councillor Bill Dixon

Responsible Director - Cliff Brown, Director of Community Services

Purpose of Report

1. This report summaries the outcome of an independent review of the Housing Repairs and Maintenance Service. It highlights the results of a procurement options appraisal and expected benefits to result from implementing the associated action plan.

Summary

2. An independent review of the Housing Repairs and Maintenance Service was commissioned to ensure that the service becomes 'leading edge'.
3. In consultation with tenants, the strengths and challenges for the current service were identified. From this, objectives for change were derived and a range of procurement options were assessed against their potential to deliver the change required. A restructured in-house service was assessed as being the best procurement option to deliver housing repairs and maintenance.
4. 'Quick wins' in addition to medium term recommendations to improve the service and deliver Gershon efficiencies were also identified.
5. An implementation plan has been developed as part of the Leading Edge change programme to ensure that the projected benefits are actually realised by the organisation.

Information and Analysis

6. The issues addressed in this report are:
 - (a) background to the review;
 - (b) key strengths and challenges for the service;
 - (c) option appraisal;
 - (d) quick wins;
 - (e) implementation.

Background to Review

7. It was clear at the time that the review was commissioned that the service had many strengths including good tenant satisfaction, top quantile performance indicators, and good quality housing stock. However, it was also clear that the service did not reflect 'leading edge' practice, had only fair inspection judgements and had not been challenged for a significant period.
8. To ensure independent challenge, the Director of Community Services requested the Head of Policy to draw up a specification for challenge. Through an open tender process, Deloitte was selected to carry out a review project. The project started in August and concluded in November 2005, and comprised focus groups with tenants and staff, interviews with members and managers, desktop research, reality testing and comparisons with other authorities.

Key Strengths and Challenges

9. The following key strengths of existing service provision were identified:
 - (a) The repairs and maintenance service has already been market tested in open competition on a number of occasions (the last occasion being 1999) and has provided an annual return to the council of circa £800,000;
 - (b) the service has undertaken work outside of council boundaries; and has worked for a number of external clients both inside Darlington and outside;
 - (c) imaginative working is evident in internal planned maintenance; for example the planned 'production line' approach to rewiring, replacing kitchen and sanity units and other maintenance work in a one 'hit' without decanting the tenant, is a very effective method of working;
 - (d) evidence of plans to improve/deliver more; for example, the introduction of an appointments based mode of operation using Optitime will enable improved effectiveness;
 - (e) the broad range of skills available; the mixed staff and operative skill base should enable the service to offer improved customer focus in moving the service forward.
10. The following key challenges for existing service provision were identified:
 - (a) an ageing workforce (more than 60% is aged 45 or over);
 - (b) the service has been slow to change e.g. regarding the introduction of appointments systems;
 - (c) bonus payments do not appear to reflect good practice;
 - (d) high level of variations;
 - (e) the service is not adequately delivering the corporate objective of putting the customer first e.g. failing to recognise the shift in service delivery objectives from the financial imperative of CCT to the more customer focus of best value;
 - (f) lack of management information;
 - (g) not currently a 'leading edge' service e.g. in relation to stores;
 - (h) the service has traditional ways of managing subcontractors that are not in line with the corporate procurement strategy.

Option Appraisal

11. The following criteria were developed through workshops facilitated by Deloitte. Essentially the criteria are the means by which the various procurement options were later evaluated and assessed:

- (a) potential for improving the quality of the service i.e. addressing the criticisms made by the Audit Commission to improve services for tenants;
- (b) potential to implement rethinking construction i.e. to modernise procurement in line with the procurement strategy;
- (c) potential to minimise risk regarding job evaluation and single status i.e. ensuring that HR issues and particularly bonus issues are satisfactorily resolved;
- (d) potential to maximise efficiencies i.e. contribute to Gershon efficiencies;
- (e) potential to maintain sustainable improvements i.e. continue to deliver leading edge services in the future;
- (f) potential to maintain/improve financial returns to the council i.e. ensure that the contribution this service makes to the MTFP is at least maintained;
- (g) potential to minimise the timescale to deliver the solutions.

12. The scoring methodology relative to the status quo is shown in the table below:

Benefit/Disbenefit Relative to the Status Quo	Score
Substantially worse than Status Quo	-2
Probably (but only marginally) worse than Status Quo	-1
No better or worse than Status Quo	0
Probably (but only marginally) better than Status Quo	+1
Substantially better than Status Quo	+2

13. A long list of potential procurement options was reduced to a short list by consideration of the feasibility of each option using the consultants' experience of other authorities. The short list was then scored against the criteria to yield the following result:

Criteria	Options				
	In House	Commercial Partner		Arms Length	
	Restructure	Open Book Partnering	Joint Venture	100% owned	NPDO
The potential to improve the quality of the service	0	+1	+1	0	0
The potential to implement Rethinking Construction	0	+2	+2	0	0
The potential to minimise equal pay claims	0	0	0	0	0
The potential to maximise efficiencies	+1	0	-1	+1	0
The potential to maintain sustainable improvements (Leading Edge)	+2	+1	0	+1	0
The potential to maintain/improve financial returns to the Council (financial impact)	0	-2	-1	-1	-2
The potential to minimise the timescale to deliver the solution	0	-2	-2	-1	-2
Overall Score	+3	0	-1	0	-4

14. The conclusion of the option appraisal was therefore that restructured in-house provision would deliver the best fit against the evaluation criteria outlined above. The main reason for this result was the potential for restructuring to maximise efficiencies and therefore maintain/improve on the financial return to the council and the ability of the service to quickly become leading edge was also a major factor.

Quick Wins

15. Part of the specification for the challenge was for the consultants to identify quick wins that would improve the service in the short term, before medium to long terms benefits arising from the chosen procurement option (i.e. restructured in-house provision) could be fully implemented.
16. Deloitte identified a number of quick wins including:
 - (a) extending the working day from 8.00 a.m. to 6.00 p.m. to improve customer focus;
 - (b) involving tenants in the development and monitoring of service standards;
 - (c) simplifying the schedule of rates;
 - (d) reviewing the bonus system;
 - (e) reviewing the appointment system including installing new software;
 - (f) reviewing variation orders;
 - (g) introducing limited multi-skilling;
 - (h) involving tenants in contractor selection;
 - (i) implementing partnering techniques i.e. Rethinking Construction.
17. For Members information, a brief summary of progress made to date on the quick wins is included in **Appendix 1**.
18. Initial forecasts of cashable Gershon efficiencies have been estimated at £90k per annum which equates to 20% of direct management costs. It is anticipated these savings will increase following the introduction of the quick wins. These additional savings will be incorporated into the Council's Annual Efficiency Statement. There will also be significant non cashable savings relating to a higher quality of service to tenants.
19. In order to advance the proposal for improving partnership working with the private sector on 10 May 2006 the Council hosted a marketing/awareness day to engage with potential partners that were interested in helping us shape the Repairs and Maintenance service over the next 5 years. The aim of the day was to attract companies both large and small that are willing to adopt the principles of Partnering and have experience of working in and around occupied residential dwellings/public buildings. The annual value of planned maintenance is approximately £8m per annum, of which £3m per annum is currently undertaken by the private sector. It is anticipated that this will increase to £4m per annum (around 50%) under the proposed partnering with the private sector. The intention is to partner for a combination of some or all of the following works for a period of 5 years, with an option to extend for a further two years:
 - (a) Internal Planned Maintenance (Refurbishments)
 - (b) Cyclical Internal Redecorations and External Painting
 - (c) Estate Regeneration (External Works)
 - (d) Roofing (Tile/Slate) and associated rainwater Goods replacements

- (e) General Construction works
 - (f) Specialist areas such as Warden Call Equipment and TV Aerials
20. Around 90 individuals from over 50 organisations attended the day, as well as 9 tenant representatives, as they will subsequently be involved in the selection and monitoring process. Very positive feedback on the proposals was received and whilst the key outcomes are still being evaluated some of the key issues were:
- (a) Strong interest from both small and large contractors to work together in long term partnering arrangements
 - (b) Price and quality should be between a 30/70 split and 40/60 split
 - (c) Move to open book rather than fixed rates
 - (d) Willing to work with us on continual improvements through use of KPI monitoring
 - (e) Support for a Partnership Board to include contractors and tenants
 - (f) Roofing contracts to be let separately
 - (g) Painting contracts to be let separately
 - (h) Protection for small contractors and local employment
 - (i) Form of contract to be used PPC 2000
 - (j) Partners to be self monitoring
 - (k) Client to drive process
 - (l) Standardisation on materials and improve guarantees through better procurement

Implementation

21. The medium term recommendations to restructure the service will shift the focus towards best value and away from CCT. New ICT systems are being introduced and working practices altered. A business process engineering exercise is being carried out on the service to ensure systems and processes are streamlined and revised staffing structures are in place, which will eradicate the final remnants of CCT and silo working. This will involve a thorough review of all the areas involved in the process from Housing, Technical and Building Services. Additionally, a separate Leading Edge Project on the relocation of the depot is looking at the options for providing a modern stores service.
22. Like any review or design process, benefits in terms of improved performance and efficiencies will not be realised without effective implementation. Therefore, an implementation project has been set up within Leading Edge and progress, including on benefits realisation, will be monitored corporately.
23. The Leading Edge project has already pushed forward a number of improvements over and above the quick wins. The team are committed to ensuring the service becomes a leader in good practise and the following identifies improvements the team are looking to or have already introduced.
- (a) Providing a Saturday service for repairs and maintenance for Council house tenants and extending the working day from 8.00 a.m. – 7.00 p.m.
 - (b) Involving tenants not only in the development and monitoring of service standards but also involving them in all aspects of repairs and maintenance including equipment specification standards, performance management and the remodelling of properties.
 - (c) Reviewing the terms and conditions of the building workforce to bring them in line with the single status agreement.

- (d) Introduction of hand held computers for the workforce to receive and complete works automatically which will reduce travel time, along with updating van stocks and providing costing information without a paper trail. The handheld's will also allow the work planners to respond quickly to emergencies, reduce administration and provide up to date management information.
 - (e) Introduce open book accounting across the whole of housing responsive repairs and maintenance which will reduce administration and stop the out dated task of invoicing for every completed job and checking every claim made. One of the models currently being looked at is based on the repairs service being given the whole of the repairs budget to manage based on the typical turnover of works from the previous financial year, effectively cutting out all the processes around individual repair management.
 - (f) Introduction of eContract Benchmark software, a web based performance measurement and benchmarking software based on the Audit commission, Constructing Excellence KPI's. The software will be used to monitor the performance of potential partners including the in-house team and to capture and benchmark performance data from across the Housing and Maintenance business sector to drive up standards with data shared amongst all partners.
 - (g) A specific monthly meeting will be held to discuss exemplars and innovation in the industry to ensure we constantly strive to lead in best practice
24. There was a high level of openness within the service throughout the review project and a willingness to build on the strengths of the service whilst addressing areas for development. This is a very good platform from which to move forward on implementation.

Outcome of Consultation

25. Tenants and the Tenants Board were involved in the review and played an active role in the Focus Group session facilitated for them by Deloitte. When the outcome of the Option Appraisal was subsequently fed back to them they were very supportive of the recommendation for the Housing Repairs and Maintenance Service to be delivered by a restructured in-house team. However, they are committed to continuous improvement and were actively involved in agreeing the targets to be included in the Housing Service Plan for 2006/07. They were particularly interested in customer satisfaction ratings and worked with officers on developing a user-friendly customer satisfaction survey form. They regularly consider performance monitoring reports and strongly approved of the recent purchase of a software package, which provides very detailed monitoring of all the Key Performance Indicators in respect of Repairs and Maintenance. A Repairs and Maintenance Task Group has recently been established to focus more specifically on performance monitoring, and consider issues such as improved specification standards and contractor selection for planned works.

Financial Implications

26. The main aim of the service changes outlined in the report is to improve services to tenants, however, it is also anticipated that there will be financial benefits to the Housing Revenue Account although at this time they can not be accurately quantified. As a result of the review savings of £90k have already been identified within the Council's revenue MTFP, however, this saving may reduce if the redirection of work from the Community Services department to external contractors results in reduced profits being returned to the Council. It is anticipated that such a reduction in profits would not be greater than the savings already identified and all efforts will be made to limit the reduction in profits. In conclusion the proposals included in the report should have a positive financial impact on the HRA and at worst be cost neutral for the Council's MTFP

Legal Implications

27. This report has been considered by the Legal Services Manager for legal implications in accordance with the Council's approved procedures. There are no issues which the Legal Services Manager considers need to be brought to the specific attention of Members, other than those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

28. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is considered that a good repairs and maintenance service can have a positive effect on crime and disorder.

Council Policy Framework

29. The issues contained within this report do not represent change to Council policy or the Council's policy framework

Decision Deadline

30. For the purpose of the 'call-in' procedure this does not represent an urgent matter

Key Decisions

31. This is a key decision which will result in the Council incurring expenditure which is significant having regard to the Council's budget for the housing repairs and maintenance service and in terms of the effects on the communities living or working in an area comprising two or more wards within the area of the Council.

Conclusion

32. The review of housing repairs and maintenance and the subsequent implementation of the quick wins and restructure of the service are part of the Council's desire to be more open to challenge and to learn from and incorporate good practice. Like other parts of Leading Edge, this project is a practical demonstration of the Council's desire for continuous improvement. It is important that this desire is now followed through to delivery. Members are asked to endorse the option appraisal and the overall approach presented.

Recommendation

33. It is recommended that:
- (a) Housing Repairs and Maintenance be delivered by a restructured in-house service and partnership working with private sector contractors.
 - (b) Implementation be managed through a Leading Edge project.

Reasons

34. The recommendations are supported by the following reasons:
- (a) To provide improvements to the Housing Repairs and Maintenance Service.
 - (b) To implement the outcome to the challenge to the Housing Repairs and Maintenance Service.

Cliff Brown
Director of Community Services

Background Papers

No Background papers were used in the preparation of this report.

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