

Subject:	Housing Repairs & Improvement Strategic Partnership Update and Audit Commission Report		
Date of Meeting:	8th November 2010		
Report of:	Strategic Director, Place		
Contact Officer:	Name:	Glyn Huelin	Tel: 29-3306
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Key Decision:	No		
Wards Affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT

- 1.1. The Housing Repairs & Improvement Partnership with Mears Group Limited commenced on the 1st of April 2010. The partnership is central in delivering better value for money to enable the council to invest more in the maintenance and improvement of the homes it manages. This progress report covers the first six months of the partnership from April to September 2010.
- 1.2. The Audit Commission has carried out an inspection of the Housing Repairs and Improvement Partnership to assess its robustness and effectiveness, and consider how embedded the new arrangements are. This inspection commenced in May 2010, following the first month of the partnership, and was completed in June 2010. During the inspection the Audit Commission reviewed contract and management documents and interviewed Mears managers, and council officers and Members.

2. RECOMMENDATIONS

- (1) That Housing Management Consultative Committee note progress made in delivering the new Repairs & Improvement Partnership.
- (2) That the Housing Management Consultative Committee notes the findings of the Audit Commission in their inspection of the Repairs & Improvement Strategic Partnership.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS

3.1. Background

- 3.1.1 The Repairs & Improvement Partnership with Mears Group Limited commenced on the 1st of April 2010. The partnership covers the whole city and delivers responsive repairs, empty property refurbishments, and most planned works

(such as kitchen, bathroom and door replacements). The partnership also includes a repairs desk for residents to report repairs.

3.1.2 As well as aiming to provide better value for money, and improve customer service and the quality of works, the partnership will bring significant added value benefits in this city. These include:

- 200 apprenticeships over the 10 years of the partnership (twice the industry average)
- A variety of other training and work experience opportunities
- A kitchen assembly workshop
- A training academy

3.1.3 The findings of the Audit Commission's inspection are positive and recognise that good progress has been made over the last 18 months. The Audit Commission states that the Partnership is working effectively with a clear commitment from all partners to deliver improvement in the repairs and maintenance service for residents.

3.1.4 A report of the Audit Commission's findings was submitted to the Council in September 2010. Subsequently an action plan has been developed by the Council to respond to their recommendations. The Audit Commission's feedback is included as Appendix 1.

3.2. **Contract Management**

3.2.1. A robust contract management structure has been established that ensures residents are actively involved in monitoring the partnership and in decision making. The partnership is managed by a Core Group that is made up of council officers, Mears managers and residents. The Core Group is responsible for the overall management of the partnership, monitoring of performance and finance and making sure the aims of the partnership are delivered.

3.2.2. A Partnership Group has also been established and reports into the Core Group. This group is responsible for reviewing operational and technical performance, managing risks and resolving any issues that arise.

3.2.3. In their inspection of the partnership the Audit Commission found that:

- The repairs and maintenance contract includes suitable aims and objectives.
- The council has people with the right skills supported by robust structures to deliver and manage the contract.
- The council's internal auditors have provided positive assurance about the procurement and mobilisation of the contract.
- Arrangements for monitoring the outcomes of the contract are defined although they were not fully in place at the time of the audit.

3.3. Resident Involvement and Customer Service

- 3.3.1. Residents continue to be directly involved in the monitoring and management of the partnership. Four residents sit on the Core Group, two representatives from the Repairs & Maintenance Monitoring Group and two members of the Asset Management Panel. Over the next three months the council will be working with both the Repairs & Maintenance Monitoring Group and the Asset Management Panel to ensure there is additional resident involvement in the Partnership Group.
- 3.3.2. Residents have supported the development of the partnership through undertaking a mystery shopping exercise on the Repairs Desk in June and July. The results were positive, with the mystery shoppers indicating that telephone answering time is quicker than it was when they previously tested the service in September 2009, and there has been a great improvement for customers getting through to the repairs desk on the first attempt.
- 3.3.3. Following feedback from residents a further mystery shopping exercise is being carried out on the out of hours service. The results of this will be reported to the Core Group.
- 3.3.4. The repairs desk is now operating an extended local service for residents calling with repair enquiries. During the week the service will run until 6pm and on Saturday mornings it will run from 9am until 1pm.
- 3.3.5. Mears are surveying residents by telephone following the completion of works to their homes. Over the first six months of the partnership 2,556 residents were contacted and 2,467 of these, or 96.5% of residents, were satisfied or very satisfied with the service.
- 3.3.6. These surveys have allowed us to monitor whether operatives and sub-contractors are wearing Mears uniforms or presenting their identification card. Recent feedback has shown that 97% of residents surveyed in August said that operatives wore a uniform and presented their identification card, and this improved further to 98% in September. A copy of the detailed information collected so far is attached as Appendix 2.
- 3.3.7. In their inspection of the partnership the Audit Commission found that:
 - Transformation of services for residents is at the heart of changes to structures and frameworks.
 - Consultation carried out with residents on the Local Delivery Vehicle and new repairs and maintenance contract is good.
 - The housing management service is working effectively with a clear commitment from all partners to deliver improvements for council residents.
 - Arrangements for monitoring user satisfaction are in place and customer satisfaction is improving. However complaints were not systematically informing and improving service delivery.
 - Service standards are not currently in place, but the council is reviewing its service standards to reflect the new contract.

3.4. Performance Information

- 3.4.1. Detailed performance information has been produced for the partnership since April 2010 and is reviewed at each Core Group meeting. The August 2010 performance report is attached as Appendix 3. The report details year to date results for each performance indicator and uses a traffic light system to show whether performance is on target (green), just below target (amber) or below target (red).
- 3.4.2. The partnership is completing repairs quickly and has reduced the time taken to complete non-urgent repairs to 9 days (HLPI R2). Emergency repairs are also being completed quickly with 98.5% of repairs being completed within 24 hours (HLPI R3).
- 3.4.3. Performance on urgent repairs (HLPI R4) was below target in the first month of the partnership but following good scrutiny and action by the partnership the performance has now improved with over 97% of urgent repairs completed within 3 days in June, July and August. This continued improvement means that overall performance for the year to date is expected to reach the 97% target by the end of the next quarter.
- 3.4.4. In their inspection of the partnership the Audit Commission found that:
- There is a clear commitment to, and focus on, robust management and monitoring of the new contract.
 - The council has made steady progress in improving the repairs and maintenance service for residents and response times are now shorter.
 - A robust framework is in place to address underperformance quickly, decisively and effectively. There is already evidence of the contractor responding quickly where the council and residents have raised concerns.
 - Some improvements are required to business and team plans.
 - A culture of managing performance is developing. Performance management and monitoring are being strengthened.
 - The Council has put in place robust arrangement for reviewing the yearly performance of the contract and for ensuring good quality performance information.

3.5. Planned Works and The Decent Homes Standard

- 3.5.1. The planned works and decent homes programme includes replacing kitchens, bathrooms, doors and carrying out other works to residents homes such as rewires, external repairs and decorations.
- 3.5.2. Over the first six months the partnership has delivered a 6.13% improvement in decent homes which means that 66.7% or 8,198 of 12,300 properties now meet the Decent Homes Standard. Progress in improving homes is a key objective for the partnership and Mears and the council are working together to ensure that 74% of homes are decent by the end of 2010/11.

- 3.5.3. During the first six months 225 new kitchens and 101 new bathrooms have been fitted in resident's homes. The door installation programme has seen 306 new front doors installed and 316 new boilers have been fitted. September saw the biggest improvement in decency since the partnership commenced in April. Improvements have been introduced to address initial difficulties in accessing resident's homes to undertake surveys.
- 3.5.4. The partnership has also made further improvements to communication such as giving regular estate based updates, providing residents with fact sheets about kitchen and bathroom installations and developing a partnership newsletter. In particular the partnership is looking to clearly communicate what residents should expect from the service and is developing a "local offer" for resident's homes.
- 3.5.5. In their inspection of the partnership the Audit Commission found that:
- As a result of increased investment and targeted programmes decency levels have steadily improved between 2008 and 2010.
 - Mears demonstrated the capacity to manage and deliver the contract's requirements.

3.6. Financial Management

- 3.6.1. Strong financial management is in place with detailed monthly forecasts reviewed by the Core Group and reported through the council's Targeted Budget Management (TBM) process.
- 3.6.2. In their inspection of the partnership the Audit Commission found that:
- The council is improving value for money and has carefully considered solutions to financing its capital investment programme.
 - There is commitment to providing value for money and the council has set up robust cost management and monitoring arrangements.
 - The council has developed a 30-year financial plan to ensure the long term viability of the Housing Revenue Account and the short term need to achieve the Decent Homes Standard by 2013.

3.7. Next Steps

- 3.7.1. The partnership will continue to develop with a focus on ensuring that the good level of performance demonstrated in the first six months of the partnership is maintained and further improvements are delivered in communicating programmed work and delivering a high quality repairs service.
- 3.7.2. The partnership will work to deliver the actions identified by residents in the recent mystery shopping exercise and the recommendations identified by the Audit Commission in their report. The Audit Commission made the following six recommendations for improvement as part of their report:
- Provide residents and stakeholders with robust information about action taken as a result of complaints and from activities such as mystery shopping and user satisfaction surveys
 - Introduce comprehensive service standards

- Provide clear links between improvement plans
- Continue to review the current schedule of rates based on actual experience of its operation
- Continue to monitor and actively manage the risk of not securing sufficient funding to achieve DHS compliance by 2013
- Transfer properties to the LDV in as short a timescale as possible and ensure that the impact of any slippage in the timing of capital receipts from the LDV is fully reflected in business plans

3.7.3. A twelve month review of the partnership will be undertaken in 2011 and reported to the Core Group and Housing Management Consultative Committee.

4. CONSULTATION

- 4.1. Residents have been actively involved through the Asset Management Panel and Repairs & Maintenance Monitoring Group. Residents attend the Core Group meeting which oversees the strategic direction and operational effectiveness of the partnership. Residents will also be involved in the Partnership Group.
- 4.2. Regular progress reports are presented to the Repairs & Maintenance Monitoring Group and the Asset Management Panel as well as Housing Management Consultative Committee.

5. FINANCIAL & OTHER IMPLICATIONS

Financial Implications:

- 5.1. The costs of the Housing Repairs and Improvement Strategic Partnership have been included in the 2010/11 HRA Revenue Budget and the three year Capital Programme as approved at Cabinet on 11 February 2010. Financial monitoring against these budgets are reported to Core Group on a monthly basis. As at the end of August no variations to budgets have been reported.
- 5.2. Future savings targets will be monitored and driven through the Partnership Cost Reduction Plan and incorporated into future budget reports. An update on financial forecasts against budgets for the current financial year will be included in the HRA Revenue Budget 2011/12 report which will be presented to this committee in January 2011.
- 5.3. The Audit Commission were satisfied that the council has set up robust cost management and monitoring arrangements for the decent homes programme.
- 5.4. Any changes in financial circumstances such as those risks identified in the Audit Commission report are addressed through the councils financial management and monitoring arrangements. The preparation of

the Housing Revenue Account Revenue and Capital Budget reports for 2011/12 will reflect any impact of slippage or changes to the capital receipt from the LDV, with these budget reports being presented to this committee in January 2011.

Finance Officer Consulted: Susie Allen

Date: 14 October 2010

Legal Implications:

- 5.5. This report is for noting only, and does not directly give rise to any legal implications. Robust contract monitoring is intended to ensure that any non-compliance by Mears against the contracted specification is identified and addressed quickly. HMCC Members should be reassured by the Audit Commission's finding that a strong focus on contract management and monitoring exists – see paragraph 3.4.4 above.

Lawyer Consulted: Oliver Dixon

Date: 25 October 2010

Equalities Implications:

- 5.6. An equalities impact assessment (EIA) has been completed as part of the procurement and mobilisation process. A further EIA will be completed now that the partnership has commenced.

Sustainability Implications:

- 5.7. A new contract of this size has potential to impact on the city's environment and carbon emissions. The partnership will aim to minimise its impact on the environment by reducing waste and minimising carbon emissions from its operations.
- 5.8. The partnership will also aim to help residents cut down on energy and water bills by the provision of energy advice and information packs. The partnership is looking to improve properties by participating in schemes that will improve the energy efficiency of homes and utilise renewable energy sources.
- 5.9. The partnership is committed to re-furbishing the Housing Centre building to a high sustainable standard to minimise its carbon emissions. The refurbishment will include fitting a sustainable heating/cooling system, rainwater recycling system and solar panels. The proposal for an onsite kitchen assembly workshop has the potential to bring sustainability benefits in terms of material use, reduced transportation and local employment.
- 5.10. Apprenticeship positions are being established through the partnership. Mears and the council are also working with the city college to provide additional opportunities for students to carry out work to a number of long term empty properties within the city. These properties provide an

opportunity for students to learn skills in a safe and supervised environment and carry out essential work to properties.

- 5.11. The Audit Commission noted within their report that the partnership identifies clear objectives in improving sustainability and delivering further community regeneration and added value. They also identify that Mears have pledged to deliver extra benefits to the city such as a training academy, kitchen workshop and a carbon reduction plan.

Crime & Disorder Implications:

- 5.12. The partnership will bring added value benefits which provide community and regeneration benefits to the city. The provision of apprenticeships, onsite training academy and kitchen assembly workshop will bring employment and training opportunities for local people including those that are not in education, employment or training.
- 5.13. The Audit Commission identifies that the council and Mears are improving services for residents. The “Our Neighbourhood” project in Whitehawk is a partnership between local residents, Mears, the council and the Police which provides a face-to-face community based service developed with residents.

Risk and Opportunity Management Implications:

- 5.14. A comprehensive risk register is overseen by the Core Group.
- 5.15. The Audit Commission identified that risk management arrangements for the contract are in place and that two risk registers are maintained and integrated into contractual documentation. An action plan responding to the recommendations of the Audit Commission has been developed.

Corporate / Citywide Implications:

- 5.16. The contract has the potential to bring significant benefits to the city and its residents. It is also important that a contract of this size does not have a negative impact on established local businesses.
- 5.17. The Audit Commission’s inspection was undertaken to inform their assessment of the prospects for delivery of the decent homes standard target by 2013 and to review the red flag they gave the council in 2009 as part of their Comprehensive Area Assessment. Although a judgement was not made in relation to this, as the Comprehensive Area Assessment was abolished in May 2010, the inspection concluded that the council has made significant progress towards meeting its 2013 target.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1. This report provides an update on progress with the partnership.

7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1. The new partnership enables Housing Management to meet the key objectives of the Procurement Strategy which was agreed in April 2008. The new contract is key in enabling the council to have a sustainable 30 year Business Plan for the housing stock and bringing the maximum number of homes up to the Decent Homes standard).

SUPPORTING DOCUMENTATION

Appendices:

1. Audit Commission Housing Repairs & Improvement Partnership Review Feedback
2. Responsive Repairs Customer Satisfaction Information (April to September 2010)
3. Repairs & Improvement Partnership Performance Report (April to August 2010)

