

## APPENDIX

### REPAIRS AND MAINTENANCE OF COUNCIL HOUSING- Chief Officer (Environment)

The purpose of this briefing note is to present a considered view of how repairs and maintenance function currently operates. It is not intended as a criticism of any teams or individuals. Although it necessarily highlights one functional area it needs to be acknowledged that close analysis of any functions that any organisation provides will reveal areas for improvement. The intention therefore is to provide a 'warts and all' view as a means of identifying how to best make progress.

It is of course written from my perspective.

#### BACKGROUND

In overview (in 2015/16) the Council's repairs and maintenance service was responsible for the following budgets which are funded by Housing Revenue Account-

Area	Description / Comment	Spend 15/16
Planned maintenance (revenue)	Eg gas servicing, rota painting, ongoing contracts	£1.44m
	Delivery- Approx 25/75 split in-house/contractors	
Responsive repairs (revenue)	Day to day repairs and void properties	£2.93m
	Delivery -Approx 65/35 split in-house/contractors	
Refurbishment programme (capital)	Eg adaptations, boiler replacements, kitchen/bathroom replacements, window/door replacements, rewiring, new fencing	£4.99m
	Delivery- Approx 30/70 split in-house/contractors	

The delivery of the above is all managed by an in-house team.

As can be seen although a significant amount of work is undertaken in-house a significant amount of work is also delivered by a range of contractors through a variety of arrangements.

The focus for in-house delivery is day to day responsive repairs, housing voids and ongoing replacement / refurbishment programmes.

This mixed model is entirely consistent with the Council's Ensuring Council ethos. It means the Council has direct control and accountability. The Council has in place a directly employed core of management, technical and delivery staff. Specialised works are provided by contractors as are some of the core works. As will be seen this in itself provides in-built benchmarks to check value for money, and also allows for management of peaks and troughs of work.

#### MAIN ISSUES

Providing any operation directly naturally creates an increased number of issues, problems and risks. For this service area the main issues are as follows (many of which are linked)-

- Diseconomy of scale- the Council currently has 3,757 properties. Which sounds a lot but actually compared with some social housing providers isn't. As examples 1) the effort required in planning the replacement of 50 kitchens isn't much less than

planning the replacement of 500 kitchens. 2) A larger contractor will have a structure where key / specialised skills can be spread across a much larger workforce. It can therefore afford to pay much higher salaries for key / specialised posts. The Council operation requires elements of these key / specialised skills but we don't have the amount of work to justify full time posts. Arguably the all-rounders we have in as an example our technical team are actually much more useful and skilled but recruiting new ones when vacancies arise is difficult because the private sector can offer far greater salaries. On the positive side the 3,757 properties are spread around a manageable geographical area. Some larger providers have much more properties but these will be spread over much larger geographical areas.

- Need to join up efforts- Over the years repairs and maintenance has alternated between being managed within 'Council Housing' and within another service area as it is now. In the current model, although significant improvements have been made we have yet to reach the point where we could say we have perfected the model. As stated improvements have been made but we still see undesirable symptoms like replication of efforts, passing the blame, uncertainty as to whose decision things are, perception that we are operating as a client / contractor, lack of planning, lack of ownership, subjective/ false analysis of problems etc. It would be simplistic to assume that 'sitting' the service area somewhere else would solve the problem.
- Organisational focus on General Fund functions- it is a fact that the corporate focus tends to be on the GF rather than HRA. The previous relatively healthy financial position of the HRA meant that this was a natural approach to take. It is very clear now that new Government policy means that going forward there will be significant financial pressures on the HRA. Responding to these will require an ongoing focus on how to further generate efficiencies, reduce waste, improve processes etc. This requires significant input from a range of Council services / functions- HR/OD, Finance, ICT etc. Clearly the resources the Council have are finite and the same people are already involved in doing the same range of works on GF activities. Therefore, consideration of the capacity and resource required is needed.
- Recruitment and Retention- the construction industry has peaks and troughs of demand in any case. In this District we know the recruitment pool for skilled staff is geographically limited. Sometimes it can be quite easy to recruit to some trades sometimes it can be impossible. Even when recruited fluctuations in the market mean that retention can be difficult. Especially on the technical side the construction industry provides very specialised career paths. The costs of this are absorbed within the larger scale of operation. Our technical team require staff who have a range of skills which can be quite hard to find.
- Reactive work- A large proportion of work is reactive. The Council has little control over things like tenants suddenly vacating a property, taps starting to leak, door handles breaking, bad weather and its impact on buildings etc. There are defined targets for time taken to respond to repairs and turnover voids and increase in demand means that staff capacity has to be directed to the reactive works this in turn then leads to lack of capacity elsewhere. The impact of this is of course reduced by the mixed in-house / contractor model that the Council operates but due to the relatively small size of the operation even moving one or two key trades people from refurbishing a void property to responsive repairs for just one day has a consequent impact that is then reflected in turnaround performance.
- Planning works- because of the above the focus tends to be on running on a day to day basis. There is a recognition that greater focus on planning maintenance works using intelligence from our teams and from condition surveys will in turn help reduce

the amount of reactive works needed. Greater focus on planning medium term / long term planning of maintenance programmes is a positive step.

- Logistical / Administrative complexity of operation- based on the relatively small housing stock this sounds contradictory. However, the smaller the job (and we get 1,000's of small jobs in a year) the greater the logistical and administrative complexities, the greater the need for effective processes / systems to manage the work/ data / financial flow. Any deficiencies rapidly lead to inability to accurately set and monitor budgets resulting in overspends / underspends.
- Complexity of supporting systems- there are a number of systems that 'support' the delivery and administration of the service. Some of these systems are not well integrated and have in place 'work arounds' to provide the needed information. Due to their complexity how they work and what they do are very difficult to understand, (even by staff who have a good understanding of systems). This creates ongoing problems in a variety of ways. Consideration is currently being given to what corporate systems are needed to support the Council's range of functions. Key to getting the right system is having a clear plan for the future of repairs and maintenance.
- Short term focus- Managing any day to day operation inevitably requires good juggling skills. In a relatively small operation such as ours the need to have these skills is required by line managers at all levels. Even relatively small issues like a dissatisfied tenant tend to escalate very quickly and demand the input of the service manager and even Chief Officer. The streamlined nature of the service means that time spent on that issue can't then be spent on doing more constructive medium term to long term work.
- Challenge to demonstrate VFM- this is of course a necessity for any function the Council provides. The spotlight is on this service area because the product supplied is also supplied by many other providers in a wide variety of different ways. In terms of helping evidence VFM a very obvious way is through benchmarking. Benchmarking is a relatively easy way of going some way to providing assurance that what we do either represents VFM or doesn't. The APSE report has highlighted some very apparent weaknesses through benchmarking. Key to moving forward is analysing and understanding the actual reasons for these apparent weaknesses. For some of the reasons outlined above capacity required to provide this information has been utilised elsewhere of late but it would be relatively straightforward to pick up again.

All the above could be seen as presenting a very gloomy picture, albeit a realistic one. There are of course many positives-

- The Council has direct control and therefore can be directly accountable to tenants for the service provided.
- The staff involved in delivering the service generally have a great pride and commitment to doing so. They also have an invaluable wealth of local knowledge. Indicators relating to staff eg sickness rates show that areas like this are well managed.
- Generally tenants value the service provided by the Council and the ability to get a response from the Council when things go wrong. By way of context, it should be pointed out tenant satisfaction with the repairs and maintenance service is generally good (but according to the APSE report relative to other Councils is an area to focus on). The 2015 customer satisfaction survey (BMG) said-

*In terms of areas for focus, **repairs and maintenance** is the service most likely to be mentioned as a priority by tenants, the key driver analysis also shows this to be a service aspect found to be the important in influencing a tenant's overall satisfaction. Although not statistically significant, there is an indication that tenant satisfaction for the repairs and maintenance service has improved slightly since 2013 (82% cf. 79%). Exploration of satisfaction levels amongst key demographic groups shows tenants living in a house are markedly less satisfied than tenants living in other property types. Looking in more detail at the views of those who have had repairs carried out in the last 12 months, in comparison to 2013, there have been significant rises in satisfaction levels for the overall quality of work, keeping dirt and mess to a minimum, and the repair being done 'right first time'. There has also been a marked improvement on appointment times being kept. However, satisfaction with the time taken before work started remains the aspect residents are least satisfied with, an improvement on tenants' understanding of how long it will be until a repair is completed when the initial contact is made should help to manage expectations with this aspect.*

- The mixed model of delivery that is in place means that benchmarking of real costs and processes takes place by default. We know how much a contractor will charge to fit a kitchen or bathroom. We also know how much it costs us to do the same work. We know what method of work a contractor will employ to fit the kitchen or bathroom. Our in-house operation has refined our process to undertake the work in a way that is both cost effective and cause least disruption to the tenant. The rota painting operation provides a good example of where in the short term at least the bottom line cost of using a contractor may have appeared to be lower but in the medium to long term the value for money in terms of quality, longevity of works etc means that VFM is far greater being delivered in-house.
- The Council's housing stock is of a good standard and well maintained.
- Even though it uses £10 million of spend each year in terms of issues faced by the Council maintenance of its housing stock is not topic that currently features significantly at Council meetings or in the local media.
- All involved in delivering and supporting the service want the same outcomes.
- Much work in improving the service has already taken place and is continuing to do so.

## GOING FORWARD

It is apparent that improvements in how we deliver this aspect of our Council Housing operation can and need to be made. What is positive is there seems to be an all round recognition that progress is possible. However, it is easy to get in a cycle where the constant demands of the 'day job' get in the way of making the improvements needs- when in reality if the improvements were made they'd reduce the constant demands of the 'day job'

In terms of taking positive action-

- A report was commissioned from APSE to get an external view of how the service was performing. It is fair to say there have been mixed views as to the depth and scope of the report. The report was never intended as a root and branch review. What it did was look at a range of performance indicators and use these to give an

idea of where the most immediate improvements could be made. Therefore from an operational point of view it has served a useful purpose.

- Going forward it is recognised that there needs to be more focus on medium / long term asset management. Work is taking place to develop our approach to this.
- The Organisational Development team has been assigned to work with us to develop and implement an action plan following the APSE report. Work is well underway and is yielding positive results.
- Work has been taking place to fully analyse and then make improvements to performance in critical areas like turnover of void properties, moving to majority of responsive jobs by appointment, reducing tele- repairs etc
- There are lots of incremental unseen things that are happening which are needed to either comply with changing legislation or to improve service delivery. We shouldn't lose sight of the fact that these happen as a matter of course.

All the above leads to a number of things to consider-

- As an organisation do we have the capacity to achieve what we need to?
- Does the services involved either in delivery or essential support have the capacity to achieve what we need it to?
- None of the above is new. Concerns about how RMS operates have been raised in various forms for at least the number of years I have worked here (irrespective of where RMS has sat in the organisation). The same concerns still seem to be there but are now in the spotlight. If the concerns have always been there but never been resolved does that suggest that realistically RMS is one that is beyond an internal resolution, or does it just suggest that as an organisation we need to focus more on the HRA? If we take the view that the former case then we need to look at another means of delivery. In order to do that we would still need capacity / resource to define what it is exactly we want and then a means of ensuring we get what it is we want. The former Forrest partnership demonstrates we initially (at least ) weren't that good at doing. We would also still have the vfm case to prove. From a 'contractor' point of view the best type of service to take over is one that is capable of improvement because that's where the profit is!

My view would be that at this stage we are not in a strong position to test the market (or even to raise the issue of testing the market as an option with Cabinet for that matter).

We have reached a stage though where change needs to happen. That change will only happen though if additional capacity/ resource is allocated.

The point is though with so many other organisational changes on the go or required consideration needs to be given to how we programme this.

This is well summed in an extract below from a previous budget report-

*The short term is different, however. In particular, the implementation of any option will require the input of the originating service and also, usually, input from a range of other services (EG. HR/OD, Finance, Legal, Property, ICT etc). The scale of change means that consideration needs to be given to prioritisation - but there is also budgetary pressure to deliver savings sooner rather than later - so overall, further up-front investment is expected to be needed, to ensure sufficient capacity. This applies corporately, as well to specific service areas. For example, there is already an identified need to improve the approach to council housing repairs and maintenance. It is already apparent that sustained improvement*

*in this area will require, at least in the short to medium term, considerable support from from a wide range of services.*

In order to help obtain some objective external assessment in this regard Cabinet will shortly be asked to consider the use of KPMG (who have previously undertaken a similar exercise) to assess the current position of the service (particularly with regards to vfm, direction of travel and wider corporate implications) and make recommendations for the future.

**Mark Davies – Chief Officer (Environment)**