

## **Briefing note- Planned maintenance of Council Housing**

### **BACKGROUND**

The Council spends approximately £ 3.5 million per annum on undertaking a planned maintenance programme on its council housing stock. The Council's repairs and maintenance service has responsibility for managing and delivering planned and responsive repairs to the Council's housing stock.

The current model for undertaking these works was agreed by Cabinet in 2007. This model is one where a proportion of the planned maintenance work is undertaken by the Council's own in-house team and the other proportion by Herbert T Forrest (HTF) under a partnering arrangement.

Prior to this model the proportion of work now undertaken by HTF was tendered on a job by job basis. An independent report by KPMG had provided evidence that this way of working was not the most efficient, economical or effective.

Running parallel to this have been a number of organisational restructures that resulted in Environmental Health merging with Council Housing to form Health and Housing. Health and Housing have overall responsibility for the management of the Council Housing and at the time of merger were also responsible for the provision of the repairs and maintenance service.

In November 2010 Cabinet recommended that Environmental Services take responsibility for the repairs and maintenance of Council Housing. This decision was implemented in May 2011. The Head of Environmental Services has since then been undertaken a comprehensive review of the service. This review resulted in proposals for a two phased approach to restructuring and modernising the service being approved by Personnel Committee on October 11<sup>th</sup> 2011. Phase 1, which is due to be implemented, will introduce a new line management structure for the service.

### **PARTNERSHIP WITH HTF**

The partnership with HTF commenced on the 1st April 2010 so will end 1st April 2015. Therefore, it is relatively new to Lancaster City Council. However, the partnering arrangement of working is one that is tried and tested within the construction industry and within many other local Authorities.

This new arrangement did result in some concerns being identified by staff and other stakeholders. Therefore, Internal Audit were commissioned to complete a piece of work to provide managers with reassurance and confidence in arrangements for the ongoing management management of the arrangement by reviewing the following-

- Financial and operational performance of the arrangement
- The robustness and effectiveness of contract management arrangements within the repairs and maintenance service
- The effectiveness of the partnering arrangement as a means of service delivery

The audit is nearly completed. Although the draft conclusions do not raise any major issues it is expected that this audit will identify areas for officers to work on to improve how the arrangement operates. From the outset the Heads of Services involved have made it clear that once it is known what these are they will be acted

upon. This report when finalised, as well as being distributed to Audit Committee members by right, will also be available to all via the Intranet.

Furthermore, the general review of the repairs and maintenance service also identified there is an issue of officers coming to terms with operating in a very different arrangement than before where we just operated in a traditional tender per job way. This is one of the issues the implementation of the wider review will address.

In terms of controls for specific projects the arrangement works as follows. Lancaster City Council provide a specification to HTF to price. HTF price all items net of overheads, profit and preliminaries. Overheads and profit are added to the bottom line of a cost plan. Cost plans are then developed on an open book basis. All subcontract and supply chain prices are supported by quotations wherever possible. HTF provide a full labour, plant and material breakdown for any directly delivered trades. Preliminary costs are demonstrated by a fully detailed and priced schedule. Subject to agreement the cost plan will be the agreed maximum price. Any savings made will be passed to the Council.

The cost plans submitted are scrutinised by the relevant Council Planned Maintenance Officer with regard to accuracy and value for money. The arrangement is designed to be flexible and there have been specific examples where things like reductions in time taken to deliver a contract through employment of more direct labour have been agreed which has resulted in a reduction in costs.

A set of key performance indicators are in place with performance being measured on an annual basis. Reported performance in relation to 2010/11 indicates a high level of customer satisfaction with the work carried out, with high scores being achieved in relation to environmental, equality, diversity and health and safety issues. In relation to the percentage of directly employed staff working in the partnership living locally, a target of 80% has been set to be achieved by the end of 2011/12. At the time of writing this target has already been surpassed.

A structured approach to benchmarking is also in place which allows comparison with other local authorities and providers.

The arrangement is designed to allow the Council's own in-house delivery of planned maintenance to be compared with that of HTF

In general terms the arrangement appears to be working as intended. To date quality of end product compares favourably. The arrangement has ensured that the capital programme is delivered to time and within budget. Tenant satisfaction is high.

**HEAD OF ENVIRONMENTAL SERVICES 20<sup>th</sup> Oct 2011**