

<b>HOUSING SCRUTINY</b>	
<b>Title</b>	Update on Repairs and Maintenance
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<b>Date</b>	21 October 2014
<b>Confidential</b>	No

### **Recommendation**

1. Housing Scrutiny Committee is asked to note the contents of this report.

### **Background Information**

2. Progress is being made in the repairs service. Indeed, assessment across the full spectrum of performance measures shows the service continues to move forward. The challenge is clear: improvements must continue but the pace increased.

### **Size, Scale and Stock Condition**

3. The repairs service spends £21m on repairs each year completing some 120,000<sup>1</sup> repair jobs. Services are provided to 40,000 tenants and 14,000 home owners. More than 350 staff and contractors<sup>2</sup> are engaged in the repairs delivery cycle from receiving calls or emails through inspections to job completion and sign-off. It is a large high profile service that is rightly intensively scrutinised.
4. There is a direct correlation between the condition of the housing stock and the level of responsive repairs. As the condition of the stock improves the demand for repairs should decline. There has been substantial investment in the housing stock over the last four years with the £326m Warm, Dry and Safe (WDS) programme, phase one is due to complete next year. Investment to date has principally focused on external elements: windows, roofs, insulation and front doors and internal components such as electrics. From 2015/16 the WDS programme will additionally focus on new kitchens and bathrooms. Given that a third of repair work is plumbing related: leaks and blockages, the delivery of the WDS programme should have a positive impact on responsive repairs and enable the shift towards more planned rather than reactive works.
5. Despite the significant WDS investment programme, cases of property disrepair continue to open at a rate of 15-20 new cases each month<sup>3</sup>. In a typical year c200 cases are opened. At September 2014, there were 150 'live' cases<sup>4</sup>, down from 400 four years ago. The Council's position has been strengthened with specialist officers and lawyers in place to not only robustly defend the Council's position, but also ensure cases are remedied and brought to a satisfactory conclusion quickly. A large number of cases have been successfully defended.

<sup>1</sup> Includes voids and planned maintenance work

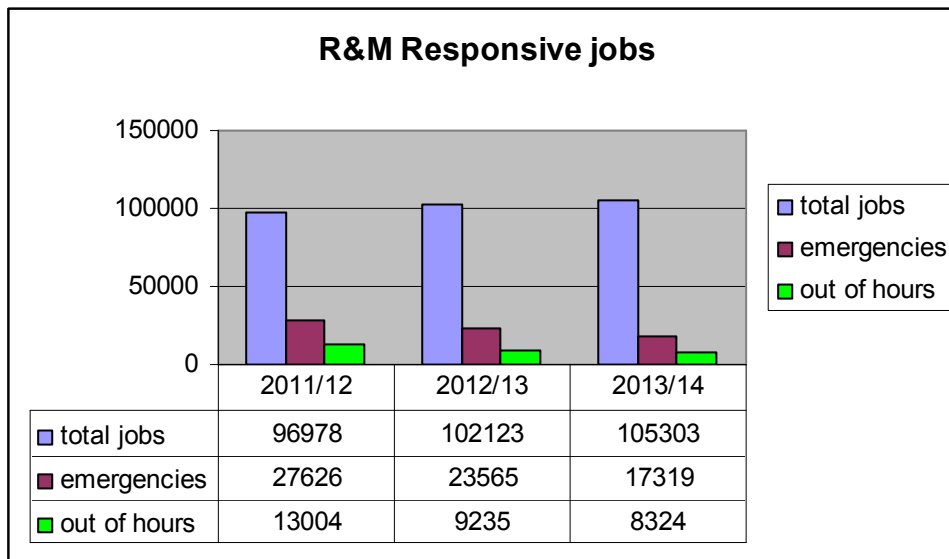
<sup>2</sup> Excludes sub-contractors

<sup>3</sup> Not unusual for a stock of our size, with complex buildings and investment challenges

<sup>4</sup> The average disrepair case costs £8k down from £13k four years ago. The largest proportion of these costs is legal fees.

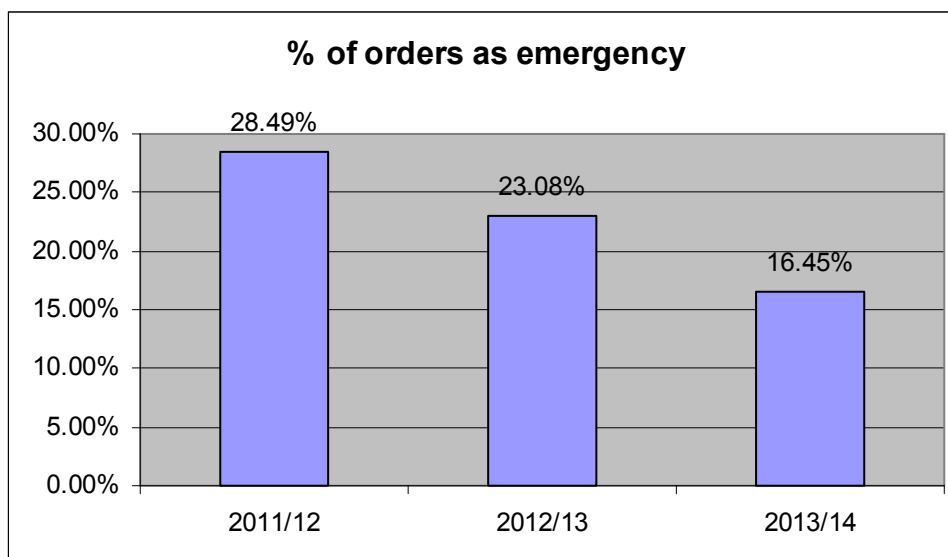
## Repairs Priorities and Order Profile

6. Given this size and scale it is important that repair jobs are diagnosed, specified and prioritised correctly to ensure the repair operatives turns up on time and complete the repair right first time. The repairs contract currently has five priorities:
- in/out of hours emergency
  - next working day (urgent)
  - 3 days (urgent)
  - 20 working days (planned)
  - and within a given timescale (planned, although used infrequently for specialist works such as joinery jobs)
7. Best practice ordering profiles are generally accepted to be 70/20/10. This means that 70% of a repair and maintenance service's work is planned, 20% is urgent and 10% are emergencies. The profile for 13/14 was 46.5% planned, 37.3% urgent and 16.5% emergency.
8. The profile of jobs raised over the last three years is set out below. The demand for the repair service remains high and in each of last three years the number of jobs reported has increased.



Excludes voids, planned maintenance and fire risk assessment works

9. The repairs priority order profile is important because it dictates how quickly jobs must be completed. The table below demonstrates that emergency repairs have reduced by 12% over the last three years, as a result of officer intervention through initial first visits, of some key emergency scenarios, and improved training of call agents at the Customer Contact Centre. That said, it still means that more than 50% of all orders received need to be completed within three days (more than 50,000 jobs each year). This demand places significant pressures on both contractors and makes the delivery of repairs right first time and the associated resident satisfaction a greater challenge.



### **Mears**

10. The Mears long-term contract in the south of the borough went live on 3<sup>rd</sup> October 2013, having successfully delivered a 12 month interim contract from October 2012-2013. The contract is for five years with the option to extend for a further five years. At interim contract start, Mears hit the ground running (having mobilised in two months). The IT continues to work well and all operatives use handheld computers to receive and provide updates on repair jobs.
11. A new management team is in place with both the regional manager and local branch manager taking up their roles in Southwark at the beginning of 2014. There has been structural change resulting in some of the longstanding staffing issues being resolved.
12. Overall performance has improved under Mears' management. The picture however, is not a consistent one. More complex repairs remain a challenge and key performance indicators have fluctuated. As a result of this fluctuating performance, formal action was taken under the contract. A detailed service improvement plan was produced in response and is being monitored monthly. Overall performance has since improved.
13. Mears are currently implementing the actions contained in the improvement plan and once fully implemented, the service is expected to be consistently good. Moreover, additional capacity is being added to their team to both ensure that they are able to flex delivery when service demand increases as well as being more visible to residents at TRA meetings and Area Housing Forums.

### **Southwark Building Services (SBS)**

14. In SBS, over the last two years the workforce has downsized by a third, key staff recruited and performance improved. A new highly experienced, customer-focused, permanent manager has been in place for three months

and they will build on the improvement momentum. Generally, SBS's performance has been more consistent than Mears over the last 12 months. However, like Mears, there are still issues. Roofing work is a problem as is keeping residents informed at every stage of the repairs journey.

15. SBS has an improvement plan in place which will continue to drive up performance. Changes are planned to move material supply to electronic delivery which will aid right first time. The contract lump sum payment has been removed, (it previously guaranteed an annual payment of £4.7m for overheads irrespective of activity – a legacy of the 2009 procurement), in favour of all-inclusive rates. Payments are now only made for work completed and this allows comparison with Mears and other landlords in and out of London.
16. Negotiations are also taking place to modernise the pay and reward scheme to ensure pay is equitably distributed and is linked to key performance, including resident satisfaction.

### **Performance**

17. There are many indicators used to measure the performance of the repairs service. The two highest profile are customer satisfaction and repairs completed right first time. Committee has expressed a particular interest in customer satisfaction and the monthly breakdown of performance over the last 12 months is attached as Appendix 1. Performance over the last four years is also set out in the table below. Both indicators are measured solely through monthly surveys by telephone and email. Very few landlords across the country measure performance in this way, but officers believe this gives the most accurate judgement of performance. Between 400 and 500 surveys are completed each month. The number of surveys gives a strong statistical confidence of the accuracy of the results. There is a positive direction of travel for both indicators

#### *Key performance indicators – 11/12 to September 2014*

Performance indicator	Target	11/12	12/13	13/14	14/15
Overall satisfaction with repairs	90%	79%	81%	80%	82%
Repairs Completed right first time (RFT)	90%	69%	76%	80%	82%

### **Sub-contracting**

18. There will always be a need to sub-contract repairs work. First to deal with peaks and troughs but also to deal with specialist works beyond the repairs contractors' ability, for instance, scaffolding, joinery or window replacements.
19. It is generally recognised that the source of some residents' complaints is the work completed by sub-contractors. They are a challenge to manage, do not all use the same technology, have less visibility and perhaps do not share the same ethos of customer service shared by the main contractors. There have

been several examples of sub-contractors being removed from use because of this.

20. Increased direct delivery is key and is the ambition for both contractors. SBS and Mears have been set targets to limit the use of non-specialist sub-contracted work to 10% by volume. SBS currently sub-contract just under 10% while Mears subcontract c30%<sup>5</sup>. The target in the new long-term contract is for this to be achieved by the end of the first anniversary of the new contract i.e. October 2014. There are financial penalties in the contract should the target not be achieved. The penalty is based on the percentage of sub-contracted work above the 10% target and will be applied at the end of each 12 month period after October 2014 i.e. first application is applied retrospectively in October 2015. The penalties increase for every year that the target is not met. Penalties start at 1% of the annual value of the works and increase to a maximum of 6%, in the event of four consecutive annual breaches. The annual value of works is c£11m, making the penalties potentially substantial.
21. Committee has shown a particular interest in the satisfaction levels of sub-contracted work. One caveat is that sub-contracted work tends to be more complex so there is not necessarily a direct comparison with the measurement of overall satisfaction. Details by month are attached at Appendices 2-4. Overall the satisfaction with Mears sub-contractors is very similar to the overall satisfaction figure year to date at 83% and 82% respectively. However, in the case of SBS the difference is much more marked. Overall satisfaction year to date is 83% compared to their sub-contractors at 70%. SBS sub-contracting is at a lower level than Mears meaning the results have been drawn from a smaller sample size. Nevertheless, SBS are reviewing their sub-contractor usage, performance and processes.

### **Repairs Core Group (RCG)**

22. The RCG was established on 18<sup>th</sup> March 2011. The group is chaired by the Cabinet member for Housing and meets monthly. Membership includes tenant and resident representatives, officers and contractors. Since its creation, Core Groups have also been set up for heating and major works also chaired by the Cabinet member.
23. The terms of reference of the RCG are to have operational oversight of the repairs service. Its key role is to review and challenge performance, with particular focus on the resident experience of the service. It also has a role in driving service improvement and innovation in pursuit of service excellence.

### **Complaints**

24. Consistent with nearly all social landlords, the repairs service receives the most complaints of any service. There are c3,500 stage one complaints each year typically. Relative to the number of jobs, this represents 3% of the activity. The number of open stage one complaints is at its lowest ever level at less than 300 complaints. Complaints are now managed more effectively with the focus being on resolution rather than necessary speed. This has resulted in just 6%

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<sup>5</sup> This is subject to verification and validation. A more up to date figure will be reported to Committee on 21<sup>st</sup> October.

of all complaints escalating to stage two of the complaints process.

25. A number of areas have been identified as either frequently arising in complaints or which are likely to escalate to stage two.
26. There has been a problem for some time with window repairs/replacement and this has previously been identified as an area which experiences a high level of escalations as compared to the number of complaints received. Both contractors have put in place arrangements to undertake window repairs in-house and are sourcing new window replacement sub-contractors to improve response times.
27. Roofing (including scaffolding) leaks and blockages are the most common area for complaint and often the most difficult to resolve. This is often because the repairs required are complex or expensive and may have been outstanding a long time. A new communal repairs team and leaks from above task force has been put in place in response. More details are set out below.

### **Service Improvements and Innovation**

28. In the continuing strive to improve performance a range of service improvements have either been implemented or are in train to do so.

### **Communal repairs team**

29. A new team has been established<sup>6</sup> and they work closely with tenant and resident associations and the resident services team in the housing operations division. The principal role of the team is to identify and oversee communal repairs to blocks and estates (excluding Aylesbury Estate). This is backed up by a robust post inspection regime to ensure value for money is delivered, quality and reassurance, in particular to leaseholders. In addition, qualified resident inspectors are currently being recruited who will help improve the communal repairs service.

### **Leaks from above task force**

30. Leaks from above are an area that is a significant source of dissatisfaction and is frequently the reason for complaint by residents. Identifying a leak from above is often complex and difficult to find especially in high rise flats. In response, a new leaks task force was set up in January 2014, which consists of a dedicated technical officer, contractor staff and resident services officers. The team are able to ensure leaks are dealt with effectively and access gained to resolve problems, through forced entry if necessary.

### **Area initiative teams**

31. An area-based networking/information-sharing forum for front-line staff involved in the maintenance and management of the council's stock has recently been established. The purpose is to build networks across the area, share information, ideas and initiatives and ensure there is a joined up approach in

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<sup>6</sup> Recruitment continues to fill all 16 posts. 10 posts have been filled with most of the vacancies covered by agency staff.

delivering a great housing service to residents. Four separate forums to match the repairs areas are in place as follows:

- Bermondsey/Rotherhithe
- Borough & Bankside/Walworth
- Peckham/Nunhead & Peckham Rye
- Camberwell/Dulwich

Meetings take place quarterly.

### **Contractor co-location at the Customer Contact Centre**

32. The Customer Contact Centre (CSC) has been in-house for nearly 18 months. Good progress has been made in the call answer speed and the quality of the customer journey. As a pilot, Mears' job planners have been co-located with CSC staff since August 2014 to improve diagnosis, response times and communication. The pilot will be evaluated in December. If performance against baseline indicators has improved, this initiative, subject to space at the CSC, will be rolled out to the other key contractors.

### **Changing repairs priorities**

33. As advised in the paragraphs above, current repairs priorities may be an inhibitor to exceptional performance. As a potential solution, officers are evaluating a move to two priorities: emergencies and at residents' convenience. This approach may lead to an initial increase in emergencies but should also lead to a more even spread of other jobs. A number of social landlords have moved to this approach and the service impact in a sample of these organisations is currently being assessed.

### **Increased on-line functionality**

34. Residents have for some considerable time been able to report repairs on-line. From 13<sup>th</sup> October 2014, this functionality has been enhanced<sup>7</sup>. Residents can now view the repairs history for their property or block and check the status of jobs. For many residents this will enable them to self-service rather than call the CSC or go into a one-stop shop.

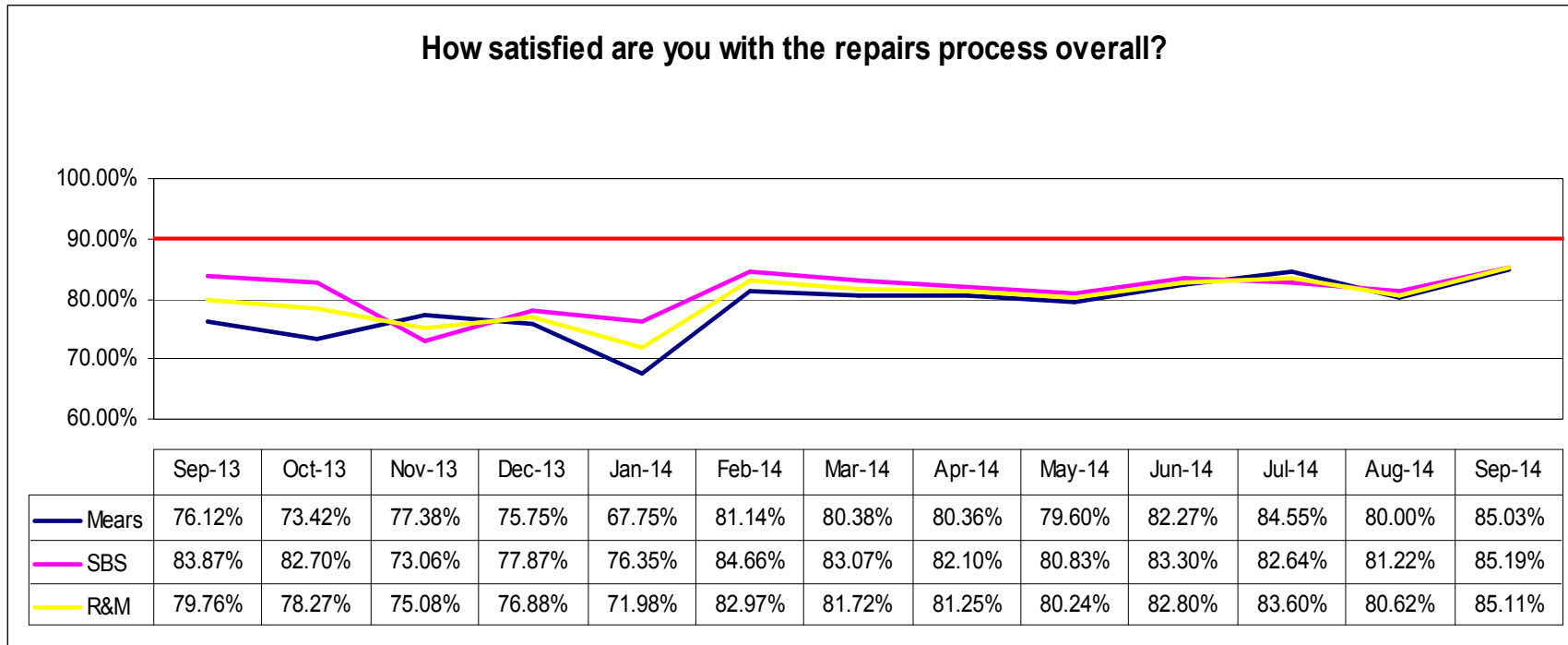
### **Condensation and mould growth**

35. Reports of condensation and mould growth and sometimes dampness are common. Often the Council's advice is for residents to ensure the property is adequately ventilated and heated – a lack of these are the most common causes of condensation mould. Many residents find this advice frustrating as all they want is for the mould to go away. A number of actions are being taken. These include, a targeted letter and advisory leaflet has been delivered to known problem estates across the borough; estate action days will now provide advice on treatment and the feasibility of supplying residents with a treatment DIY pack and moisture measurement tool are being explored.

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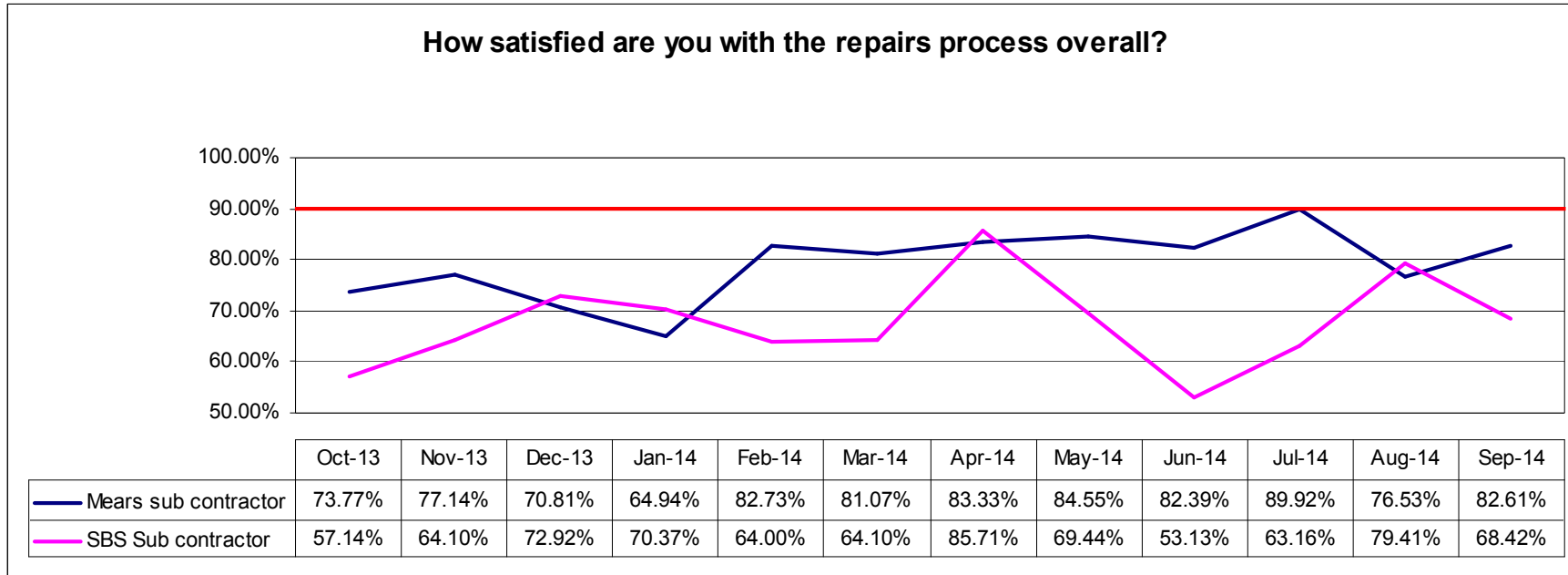
<sup>7</sup> Residents can also check their rent accounts and service charges and report hot water and heating repairs.

Appendix 1 - Satisfaction with all surveyed work

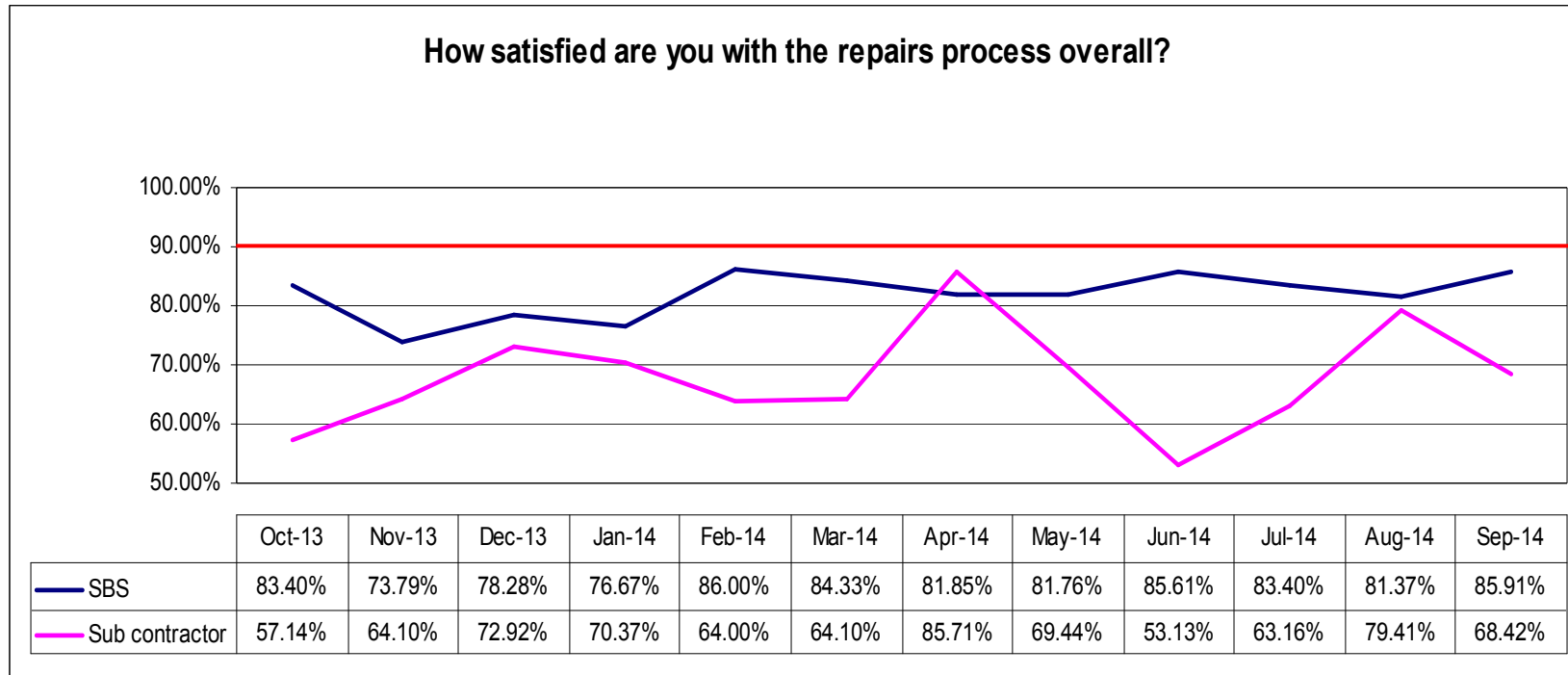




Appendix 2 – Satisfaction with subcontracted work – Mears and SBS compared



Appendix 3 – Satisfaction with SBS subcontracted works compared to overall satisfaction



Appendix 4 - Satisfaction with Mears subcontracted works compared to overall satisfaction

