

Housing and Community Safety Scrutiny Sub-Committee

Tuesday 11 January 2011
7.00 pm
Town Hall, Peckham Road, London SE5 8UB

Supplemental Agenda

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Date: 7th January 2010

4 SQUARES HOUSING

INTRODUCTION

- 1.1 Residents from 4 squares made a deputation to Cabinet on 19th October 2010 to request the urgent completion of security works across the estate. Their request was as follows:-

The residents of the Four Squares Estate would like to bring a deputation to the Cabinet because we desperately need our long-promised security works to be completed. We understand that £8 million funding was allocated to the estate, but that the work for the first two blocks ran over budget, leaving only £1.5 million for the remaining two blocks (Marden and Layard Squares).

We believe that we have an extremely strong case for the security works to be completed across the full estate. This is supported by the police and the housing office, and this strong need for works across the whole estate led to the money being allocated in the first place. We notice that the new council have made a manifesto commitment to make every home in the borough warm, dry, and safe. Homes in Layard and Marden Squares are not currently safe, and we would like to explain the problems that we are experiencing on the estate to the Cabinet, so that the remaining work can be carried out.

We have three main questions:

- 1. How was the budget so badly overspent, and what has been done to tackle the council officers and contractors who were responsible for this?*
 - 2. Will the council finish the security works on the full estate as promised?*
 - 3. Will the council commit to spending the remaining £1.5 million from the initial budget on the Four Squares estate?*
- 1.2 At the request of the Cabinet, the sub-committee agreed to look further into this topic and has posed a number of questions outlined below, alongside their written answers.
- 1.3 There will be an opportunity to further questions and discussions at the meeting on 11 January 2011.

ORIGINAL 4 SQUARES QUESTIONS POSED BY THE SCRUTINY SUB-COMMITTEE AND WRITTEN ANSWERS (DEFERRED FROM 29TH NOVEMBER 2010)

2.1 Why was most of the budget for these security works on Four Squares spent on just two of the blocks?

To date the Council has spent more than £6.7m on the security works at New Place and Lockwood Squares. This includes a grant of £2.3m from the London Housing Board to the Council made in 2004/2005. The anticipated total spend for the whole estate was £8m. Each package of security works was designed to a high standard following extensive consultation with residents. In the end, the costs for each square were more than anticipated.

2.2 Has additional funding ever been allocated by the council over and above the initial budget for these works?

As mentioned, In 2004/5 the Council obtained a grant from the London Housing Board (LHB) of £2.3m. The terms of the award required the Council to match fund the grant from its own resources. In the event, in November 2005 the Council more than match funded the scheme by earmarking council resources of £5.7m from the Housing Investment Programme giving an overall anticipated maximum expenditure level of £8,025,514

2.3 Have officers stated internally to Cabinet Members that further money will be spent without there being an agreed budget to match their statements?

The approved budget for the works has only ever been £8m, officers have maintained this position. When the capital allocation was reduced in 2009, Officers made clear that this scheme could not be funded in the current two year programme and that any decision would need to be deferred, and considered only in the context of the overall investment needs of the borough.

2.4 Did representatives of Southwark Council (Either Officers or Councillors) make commitments to residents without allocating a budget and without a budget being available for the work?

As mentioned above, the allocated budget has only ever been £8m and this position has been maintained. Although the scheme started on the basis that it would extend to all blocks, this was on the understanding that it would be met within the existing allocation. These resources were not adequate even at the outset. The reductions in capital allocation to the decent homes programme in 2009 meant that no further additional commitment could be made to this project.

2.5 Have cuts to Government Grants for capital funding for housing had any impact on the delivery of these security works?

There was a reduction to the annual Decent Homes allocation from £45m to £40m in 2009/10 due to a combination of factors:

Resources constraints:

- discontinuation of supported borrowing
- slippage in achieving capital receipts
- expenditure pressures on regenerations sites and new initiatives

This reduction had no impact on the overall budget for 4 Squares. The original allocation was £8m of which £6.7m has been spent to date leaving a balance of £1.3m. Last known estimates for the outstanding security schemes at Marden and Layards were £2.2m and £2.3m respectively.

2.6 What are the current proposals/prospects for the completion of these works?

There is no existing funding identified in the present two year programme. Priorities for future investment in the Council's stock will be considered by the Cabinet in December 2010. The delivery of the Decent Homes target will take precedence given the overwhelming need to bring Southwark to the standard of its peers. Residents will be fully consulted, between December and February 2011 with a final post consultation report back to the Cabinet in March 2011 to enable future investment programmes to be finalised. The residents of Four Squares will be able to feed their views into this wider consultation before the future programme is agreed by Cabinet.

ADDITIONAL QUESTIONS TO HOUSING OFFICERS AND WRITTEN ANSWERS

- 3.1** In your email sent on 15th February 2010 to (among others) Kim Humphreys, Anood Al-Samerai and Margaret O'Brien you stated *"The Security works are not on hold. Indeed the full package of security works have been specified for Marden."* You then went on to describe the process of possibly incorporating the works into the new major works contractors.

In your answer to question three put to you ahead of the last scrutiny sub-committee meeting you stated *"When the capital allocation was reduced in 2009, Officers made clear that this scheme could not be funded in the current two year programme and that any decision would need to be deferred, and considered only in the context of the overall investment needs of the borough."*

How is it possible that in an email to a Cabinet Member in February 2010 the works were "not on hold" even though officers had *"made clear that this scheme could not be funded in the current two year programme"*?

The Council's available funds for the Capital Programme fluctuates from year to year. The Investment Team faces a number of financial challenges in delivering a programme within the constraints of these fluctuations. This is coupled with the need to deliver larger numbers of decent homes following Southwark being 'red flagged' as an Authority for failing to deliver Decent Homes within the prescribed timelines and has meant that the current programme of works had to be reduced significantly. This reduction in the programme meant works projects across the Borough had to be deferred awaiting either additional funding within the 2-year period or the commencement of programmed works after 31 March 2012.

The background work in terms of completing specifications has continued as these projects have not been placed on 'hold' but are deferred. The timing of future investment works will be determined following the outcome of the current wider consultation taking place with residents and the subsequently agreed priorities

- 3.2** In your answer to question four put to you ahead of the last scrutiny sub-committee meeting you stated, *"These resources [allocated to the work] were not adequate even at the outset. The reductions in capital allocation to the decent homes programme in 2009 meant that no further additional commitment could be made to this project."*

If this were the case, why were Marden Square security works tendered for in November 2009 on Southwark Council's website, after the capital allocation to the decent homes programme?

Works to Marden Square were indeed tendered in 2009 prior to the final decision on the reduced 2-year programme. At the time that building market was at a low point, and the tender exercise was to secure prices in the event of funding being available. There was no 'ring-fenced' budget for Four Squares security work, and the decision to proceed with the works on return of the tender could only have taken place based upon available capital resources and the investment need of the stock. This was always to be subject to a full review on receipt of the results of the Stock Condition

Survey and in the light of any change in the future resource levels for housing capital investment. That review is now underway.

3.3 As per your statement "*Officers made clear that this scheme could not be funded in the current two year programme and that any decision would need to be deferred,*" can you produce documentary evidence that officers had made this clear?

The 2-year programme and the rationale behind the decision and future mechanisms for major works provision were presented to Tenants and Home Owners Council and Area Forums late in 2009. Indeed the 4 Squares T&RA were represented at the Bermondsey East Forum when the relevant item was presented. Following this presentation the Four Squares T&RA extended an invitation for Officers to attend a T&RA meeting early in 2010 at which the Four Squares issues were once more discussed. Nevertheless it is true that all residents of the Estate were not explicitly consulted on the deferment of the scheme. We accept that in the light of the long history of the project and the level of expectation on the estate residents had a right to expect that the full implications of the two year programme should have been explicitly communicated to all residents.

3.4 Was any action was taken to try to tackle the overspend at any stage while it was happening? Did anyone ever point out that the rate of spend would mean £8 million was not enough for the whole estate?

Officers involved in the New Place project worked hard to reduce the over-run and over expenditure on this contract. However, the New Place contract was a pilot project and there were numerous design issues that could only be sensibly finalised on site. These issues served to extend the contract period and this in turn with the urgent heating mains replacement works that were undertaken to the Estate frustrated the practical completion of the project and ultimately increased costs.

The out-turn designs from New Place worked very well on the adjacent block that followed. This contract also benefited from the learning curve at New Place and has been well received by residents.

The budget allocation was from the general Capital programme. There is no and never has been a ring-fenced budget for Four Squares. Officers have reported likely costs to complete the works in their usual monitoring processes. The need has been looked at in the context of the wider investment need and the actual available funds for the Capital Programme. Unfortunately pressure on the funding for the Capital Programme has resulted in a reduced 2-year programme of works leading up to 31 March 2012 and this reduced programme does not include the security works to the remaining two squares

3.5 Has a formal decision ever been made to reallocate the remaining £1.5 million (out of the original £8 million allocated)? If not, could this allocation still be spent on some form of security work on the estate?

As the allocation for the Four Squares was not from a ring-fenced or separate budget there is funding sitting in Council accounts waiting to be allocated. The current funding for the Capital Programme has been committed to the current 2-year programme of works. This programme was agreed by the Director in line with delegated decision making powers, however, Member input was sought and briefings given to the then Leader and Deputy Leader of the Council before the programme was published to Area Forums and implemented in late 2009.

Resident consultation as to the extent and types of works that residents believe the Council should undertake will take place throughout January and February 2011 with Officers reporting back to the Cabinet in the Spring. There will then be wider consultation on a future programme of works starting 1 April 2012 and beyond. This will take place with stakeholders in the Summer and Autumn of 2011.

3.6 Leaseholders on New Place Square and Lockwood Square paid significant sums towards the works. Have these been taken into account as they will have gone towards the spend?

The Council does not account for major works service charges in the manner suggested in the question to individual projects, not least because we provide a wide range of payment options over varying terms. We are unable therefore to be certain of income in the short and sometimes medium term that could be allocated to a specific scheme or project.

In respect of the works at New Place and Lockwood Squares all leaseholders have been invoiced for their proportion of the works but few, if any, at present have paid in full and it must be stated that the period for instalment payments for these invoices is still ongoing and as such we could not have reasonably accounted on receiving these funds by the current date

**Report from
Southwark Housing and Community Safety
Scrutiny Sub Committee**

January 2011

**Review of Key Performance Indicators
in the Housing Repairs Service**

CHAIR'S FOREWORD

In July 2010 the Housing and Community Safety Scrutiny sub-committee chose to investigate Southwark's Key Performance Indicators (KPIs) for the Housing Repairs Service. This is a service which thousands of Southwark residents rely upon, but which can cause them extreme inconvenience if it lets them down.

At all times during this process sub-committee members kept in mind the need to carry out a scrutiny which could make a direct contribution to improving the quality of the repairs service provided to residents. We decided to do this by focussing completely on the issue of KPIs.

It is important to understand that this scrutiny is not a general investigation into the repairs service. Committee members were determined from the outset not to simply paint a picture of the day to day workings of the repairs service and how it was viewed by residents. First and foremost we wanted to understand how Southwark has been measuring its performance in this vital service area and, if necessary, to make recommendations on how to improve them.

Anecdotally we suspected there were problems with the service which were simply not being picked up by the performance data. We have deliberately focused in on a problem and gathered evidence on its causes. As you will see from the report, our initial view has been borne out by the evidence. For this reason, the report is necessarily critical of the repairs service and will not make easy reading for those responsible for constructing Southwark's repairs KPI system.

However, the sub-committee is eager to make it clear that the hard work of officers of all levels on housing repairs is acknowledged and appreciated. The sub-committee is aware that there have been long-term problems with the quality of the repairs service and that officers and contractors are working hard to improve the service. We hope that the recommendations in our report will be accepted in the constructive spirit in which they are offered.

Finally, the sub-committee wishes to thank all the officers and contractor employees who assisted in the compiling of this report. Their insight and knowledge enabled the sub-committee to gain a detailed understanding of the KPI regime and we are grateful for their help.

Councillor Gavin Edwards
Chair, Housing and Community Safety Scrutiny Sub-Committee

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Part 1 – Introduction

Background to Key Performance Indicators (KPIs) in Housing Repairs

- 1.1** The repairs and maintenance service provides day-to-day repairs for Southwark Council's stock of 55,000 properties. Typically the service delivers around 120,000 repairs per year. The repairs are both internal and communal repairs around trades including plumbing, carpentry, electrical, roofing, drainage, plastering and void properties.
- 1.2** The repairs maintenance contract which commenced in June 2009 is run by two organisations: Southwark Building Services (SBS) (North of the borough) and Morrison Facilities Services (South of the borough). Morrisons is a private sector organisation. SBS is an "in-house" organisation. The contract is let for 7 years with an option to extend for a further 3 years. The contract includes "adjustments" to the contractors' profits linked to the performance in a variety of key performance indicators.
- 1.3** The quality of the housing repairs service in Southwark has been the subject of controversy for some time. Anecdotal evidence from councillors' casework has suggested serious problems with the quality of the service whilst key performance indicators (KPIs) show very strong performance across a range of areas.
- 1.4** Prior to the May local elections the 2009-2010, Scrutiny sub-committee A produced a draft report on the housing repairs service in general. Unfortunately the report was not agreed in its final form because the sub-committee's last meeting was not quorate. Nevertheless, recommendation 4 of the draft report stated "There are concerns regarding the figures for customer satisfaction. A clear analysis is required, along with a knowledge of the end to end process, to provide better use of information which would inspire tenants' and member confidence."¹
- 1.5** Officers were asked to provide a preliminary report to the 2010 Housing and Community Safety sub-committee on the housing repairs service for the meeting on 6th July 2010. Included in the report were the following statements:

"Service provider performance is easily measured and linked to a penalty/reward system."

"Service is already demonstrating improved performance against key indicators"

"Poor performance trends will be spotted early to allow early corrective action to be taken."

"The Quality survey call back process is intended to proactively identify where there is a breakdown in the service, and promptly take action to remedy the situation."²

¹ Housing Repairs Review, Report of Scrutiny Sub-Committee A, March 2010

² Agenda Reports Pack, Housing Scrutiny Sub-committee, 6th July 2010

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1.6 The issue of the high volumes of complaints and casework generated by the housing repairs service was raised with senior officers at the 6th July 2010 sub-committee meeting. They gave their view that an important reason why so many casework/complaints came up was because of the size and scope of the housing repairs service in Southwark. They suggested that the sheer number of repairs carried out by contractors meant it was likely to generate casework and complaints. Their view was that the proportion of complaints compared to the number of repairs carried out was low.

1.7 Despite this, it is significant that the report provided to the 6th July Scrutiny meeting, officers did state that they had some concerns about some areas of service. They wrote:

“Whilst the KPIs highlighted above look relatively positive, we have concerns around a number of areas, including;

- *Increased pressure on a reduced Repairs and Maintenance budget*
- *Level of overdue works orders*
- *Quality of repair in some trades*
- *Call handling performance by Customer Service Centre”³*

At the meeting itself senior officers also gave their view that Southwark housing has had a legacy of decades of neglect and significant improvements in the service had been made. They asked members to bear in mind that, in long term, the service was on an upward trajectory and a lot had been achieved.

1.8 The head of housing management explained that there have been difficulties with the data in relation to sample size and consistency of data collection. She stated that work is underway with the call centre operator to ensure better consistency of data collection with regard to satisfaction KPIs.

Officers did not express concerns about the accuracy or reliability of the key performance indicators relating to % appointments made and kept, time taken to complete repairs or the % of repairs completed on the first visit.

1.9 In 2008, following the introduction of new housing repairs KPIs, Southwark entered its Housing Repairs Service for a national award in “the customer focused provision of services”. Performance statistics provided by the council led to Southwark winning the award. *Inside Housing Magazine*, which organised the awards, concluded:

“Where once it had a complicated and frustrating system, with just 58% of residents satisfied with the service they received, benchmarking suggests Southwark now has the best repairs service in London, with 85% customer satisfaction.”

“Ninety-seven per cent of repairs are now attended on time and the number of repairs completed has increased by more than 26 per cent year on year. New ways of working are generating savings of around £500,000 per year and efficiencies of £1 million a year. The number of complaints about repairs has fallen by 20 per cent. By considering residents’ needs first, the service has been transformed.”

“The speed and extent of the transformation was, judges felt, truly impressive.”⁴

³ Agenda Reports Pack, Housing Scrutiny Sub-committee, 6th July 2010

⁴ Inside Housing, UK Housing awards, 21 November 2008, Link <http://www.insidehousing.co.uk/ihstory.aspx?storycode=6501980>

- 1.10** At the Scrutiny sub-committee meeting on 6th July 2010, the Director of Environment and Housing pointed out to the committee that there was a scrutiny uncompleted on repairs and it would be useful if the committee could use the data and information from that, as considerable officer and member hours had already been dedicated to this. She urged members of the sub-committee to take this into account when deciding their work programme for the year.

The importance of key performance indicators in housing repairs

- 2.1** Southwark's part-outsourced model of repairs means the quality and extent of contract management is crucial to maintaining a high quality service for tenants. As long ago as 2002, the Audit Commission was warning local authorities with outsourced repairs and maintenance contractors that poor performance could result from untrustworthy performance management systems and information. They said:

“Under partnering, these authorities still have little influence over contractor performance and had unjustifiably assumed that things would be better ... Some authorities forfeit their client performance management role very early, before being in a position to understand and trust the contractor's performance information systems to collect monitoring data for the partnership.”⁵

- 2.2** Councillors need accurate and trustworthy information on the performance of the service in order to drive improvements. It is particularly important that the Cabinet Member for Housing is able to trust performance information so that senior officers and the contractors can be held to account over weaknesses in the service. Equally, tenants need to know that their landlord is getting a real picture of the service being provided to them. Finally, the contractor themselves needs the information in order to effectively manage their own repairs operatives.
- 2.3** The structure of Southwark's housing repairs contracts makes the KPIs particularly important. There are financial incentives in the contract for SBS and Morrisons to maintain high performance based on the KPIs. In the case of SBS, as an in-house service provider, the profits would be returned to the council. If the KPIs are unresponsive and do not reflect the real level of performance, the contractor's incentive for improving service is removed. The contractor may rest on their laurels knowing that profits will not be reduced by poor performance.
- 2.4** Equally, Southwark Council has a strong interest in maintaining accurate repairs KPIs in order to achieve value for money. The structure of the repairs contract means that KPIs which artificially inflate performance levels could cost the council very significant amounts of money. Southwark's contract with Morrisons could see the council paying extra according to a formula based on 8 KPIs. Inaccurate KPIs could lead to Southwark paying extra for a poor service. Particularly in the current financial climate, such a situation would clearly be unacceptable.
- 2.5** However, the issues raised in paragraphs 2.3 and 2.4 have been further complicated by Southwark's failure to implement the KPI based incentives contained in the contract (See section entitled “The Housing Repairs Contract and the KPIs” on page 27)
- 2.6** When they work well, the reputational impact of key performance indicators can concentrate the minds of contractors and senior officers on improving a service. Companies such as SBS and Morrisons will win contracts with other public sector organisations based on improvements they have delivered elsewhere. In

⁵ Housing Repairs and Maintenance: Learning from Inspection, The Audit Commission, January 2002

this sense, publicly available KPIs can help to focus senior officers and contractors on delivering a better service. Conversely, a serious and damaging situation arises when KPIs show high performance irrespective of the real quality of service being provided.

The scope of the report

3.1 To ensure that we were able to focus on systemic problems, rather than become distracted by huge amounts of data, the sub-committee decided to concentrate our investigation on the following Key Performance Indicators.

1. % of Repairs completed on time
2. Average number of working days taken to complete a repair
3. % of appointments made and kept
4. % of tenants satisfied with last repair
5. % of repairs completed on first visit
6. Overall satisfaction with the repairs service

As a result, the scope of this scrutiny report does not include communal repairs, large scale maintenance work, gas and electricity repairs or Decent Homes investment work. However, many of the lessons learned from this investigation may well be applied to these wider areas of service.

3.2 Initial investigations were also done into the amount of time it took for repairs calls to be answered by the customer call centre. "Mystery shopper" calls made to the customer call centre by sub committee members found the average time taken to answer calls recorded in the KPIs (1 min and 16 seconds for 2009/10) appeared to be, on the whole, accurate. The time taken to answer calls is recorded electronically by the CSC itself.

3.3 At the start of the scrutiny process the sub- committee set out to answer the following questions:

1. Is there a gap between real performance (the actual tenant and leaseholder experience) in housing repairs and the performance presented by existing KPIs?
2. Is the Housing Repairs Service accurately measured by existing KPIs?
3. Is the Housing Repairs Service measuring the correct areas of performance in order to gain an accurate picture of real performance?
4. How much officer time and resource is invested in measuring performance and could this be done more efficiently?

3.4 Over the course of this investigation the sub-committee decided that answering questions 1 and 2 was of more importance than questions 3 and 4. We therefore focused our efforts on answering these questions. However, the sub-committee did move on to answering an additional question, which was: What are the principles of a successful Key Performance Indicator regime that would replace Southwark's current system?

Part 2 – Scrutiny of housing repairs KPIs

Southwark’s current housing repairs KPIs

Table 1 shows the KPIs under scrutiny from September 2010:*

KPI		Sep-10	Method of collection
% of Repairs completed on time	Year To Date	91.9%	Calculated from iWorld report (“PIRepairs”) from repairs completed in the month
	Monthly KPI	92.3%	
Average number of working days to complete all repairs	Year To Date	8.9	Calculated from iWorld report (“PIRepairs”)
	Monthly KPI	8.3	
% of appointments made and kept	Year To Date	99.9%	Calculated from iWorld report (“PIRepairs”)
	Monthly KPI	99.9%	
% of Tenant satisfied with last repair carried out	Year To Date	92.5%	Satisfaction survey
	Monthly KPI	88.6%	
% of Repairs completed on first visit	Year To Date	78.5%	Calculated from OptiTime single trade jobs
	Monthly KPI	80.8%	
% of residents who are satisfied with overall service	Monthly rate	88.60	Satisfaction survey

* The September KPIs have been used in the table above because this is the last month for which all of the indicators were available in the form that they were in at the start of the scrutiny process. Officers changed two of the KPIs in November 2010. See the section “Changes to the KPIs pre-empting this report”

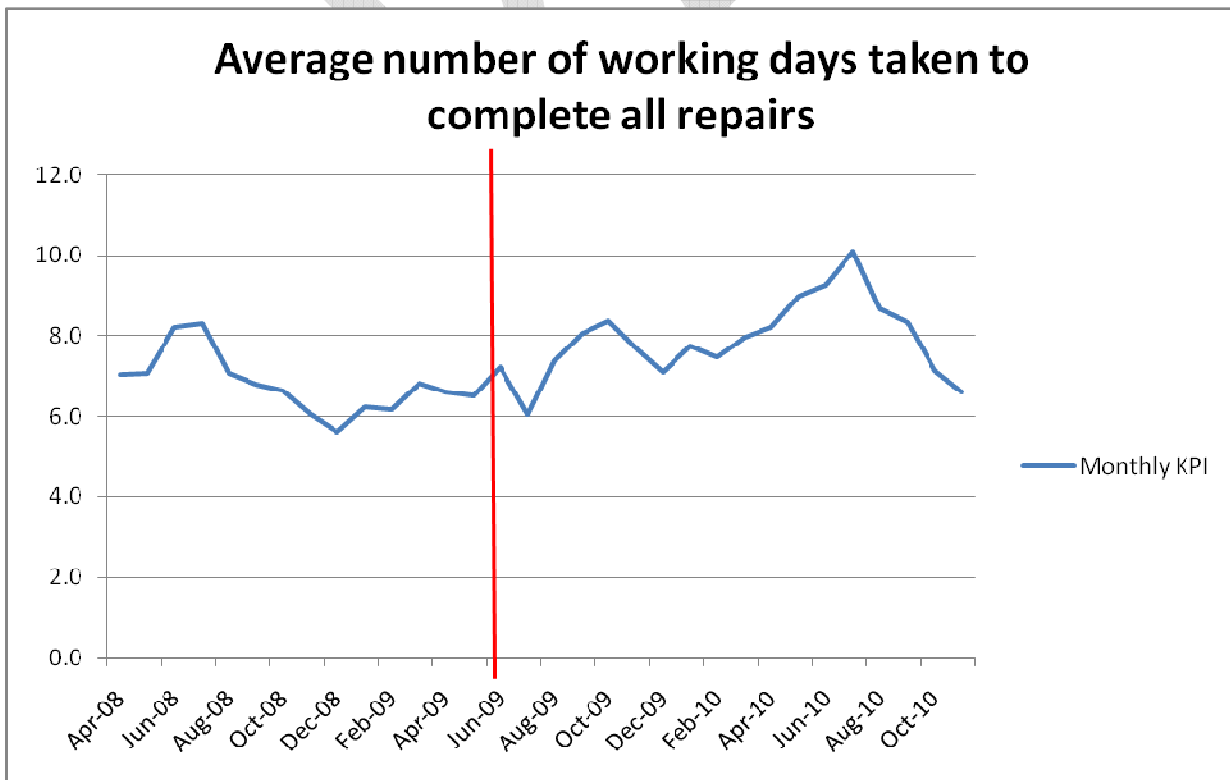
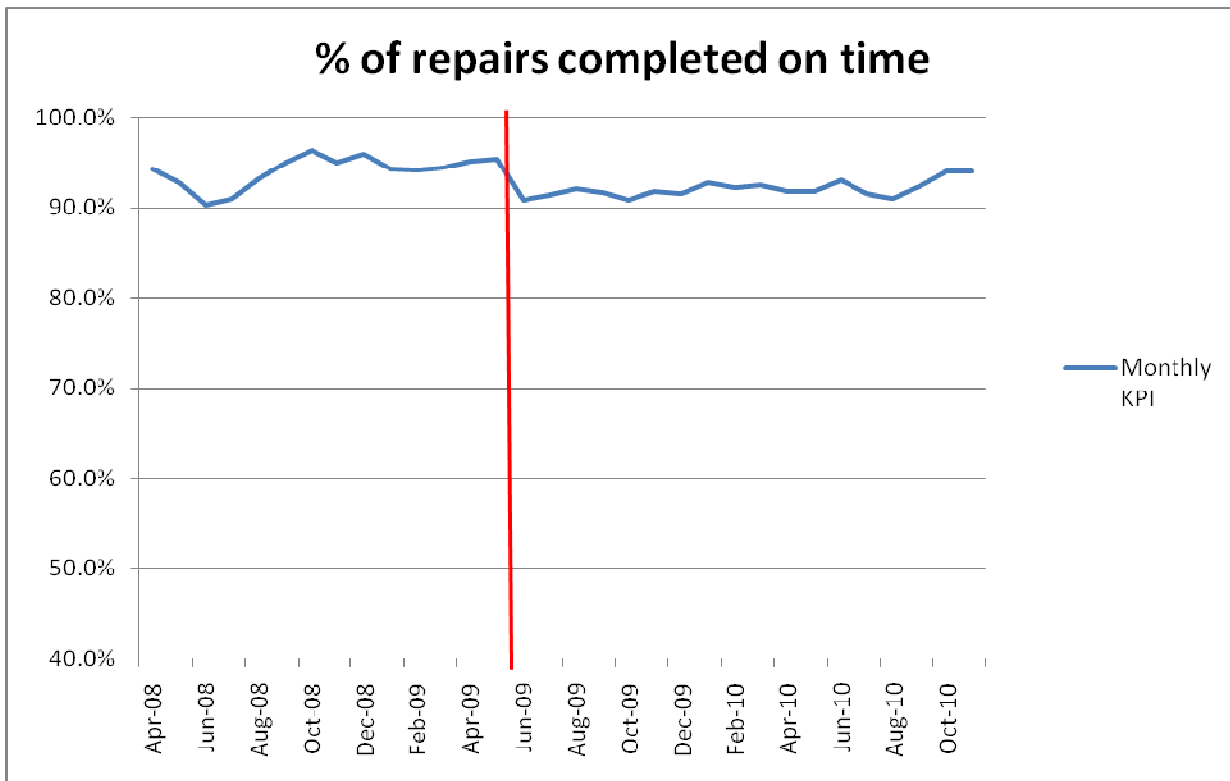
Table 2 gives the full set of figures for the KPIs under scrutiny.

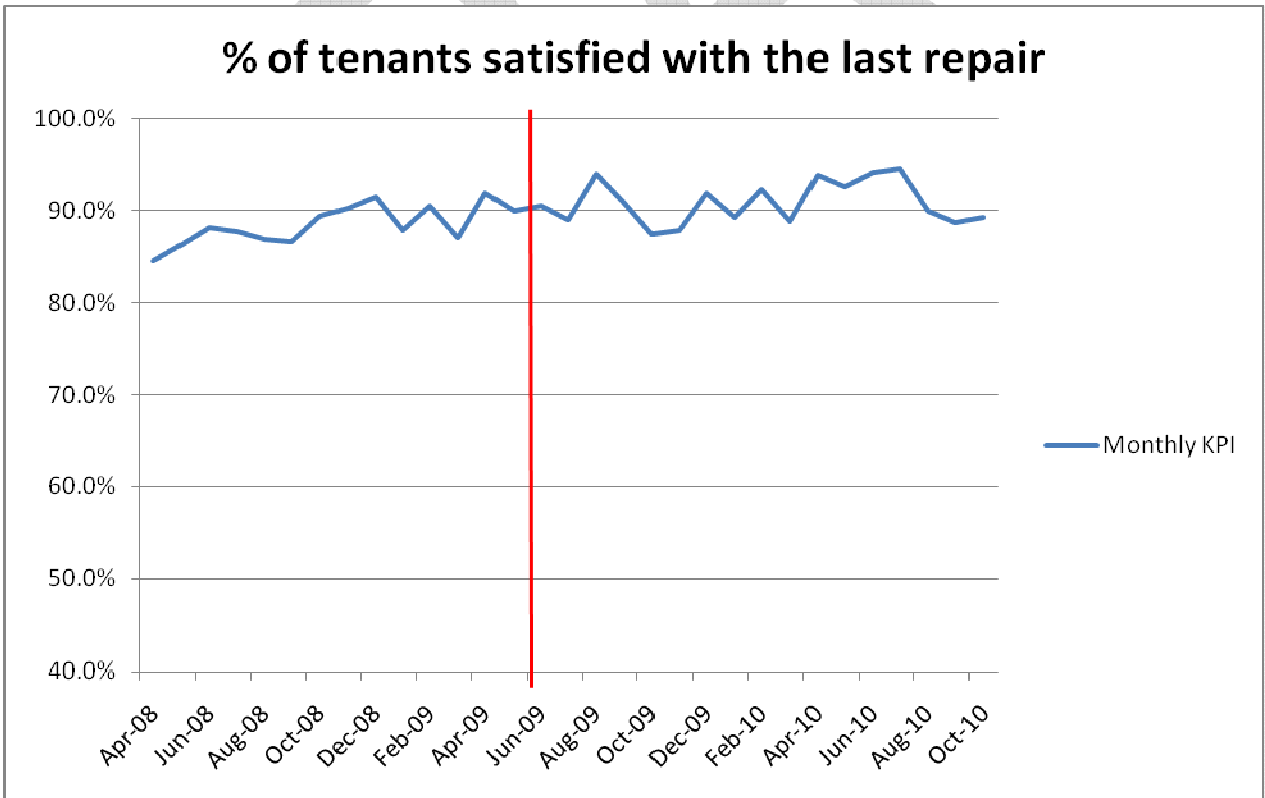
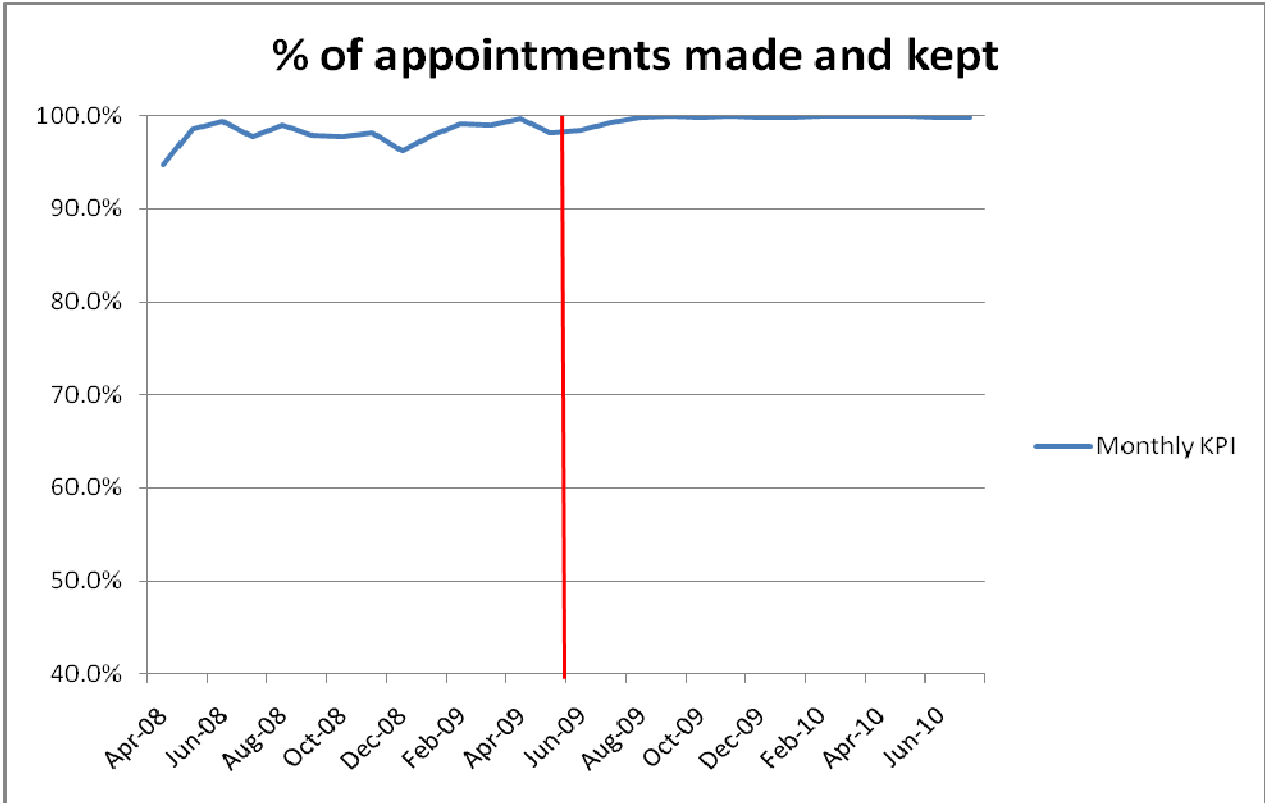
Date	% of Repairs completed on time		Average number of working days to complete all repairs		% of appointments made and kept ^{DRAFT}		% of Tenant satisfied with last repair carried out		% of Repairs completed on first visit		% of residents who are satisfied with overall service
	Year To Date	Monthly KPI	Year To Date	Monthly KPI	Year To Date	Monthly KPI	Year To Date	Monthly KPI	Year To Date	Monthly KPI	Monthly rate
Apr-08	94.3%	94.3%	7.1	7.1	94.7%	94.7%	84.5%	84.5%			
May-08	93.6%	92.8%	7.1	7.1	96.4%	98.5%	85.6%	86.4%			
Jun-08	92.4%	90.2%	7.5	8.2	97.4%	99.5%	86.4%	88.2%			
Jul-08	92.1%	91.0%	7.7	8.3	97.5%	97.8%	86.5%	87.7%			
Aug-08	92.3%	93.2%	7.6	7.1	97.8%	99.1%	86.6%	86.8%			
Sep-08	92.7%	95.0%	7.4	6.8	97.8%	98.0%	87.0%	86.6%	82.3%	82.3%	
Oct-08	93.4%	96.4%	7.3	6.6	97.8%	97.7%	86.9%	89.3%	83.1%	87.1%	
Nov-08	93.6%	95.1%	7.2	6.1	97.9%	98.2%	87.3%	90.2%	83.1%	82.8%	
Dec-08	93.8%	96.0%	7.0	5.6	97.7%	96.2%	87.6%	91.5%	82.6%	78.7%	
Jan-09	93.9%	94.3%	6.9	6.2	97.7%	97.9%	87.7%	87.9%	82.4%	80.6%	
Feb-09	93.9%	94.1%	6.9	6.2	97.9%	99.1%	87.9%	90.5%	82.2%	80.7%	
Mar-09	93.9%	94.5%	6.9	6.8	98.0%	99.1%	87.8%	87.0%	81.9%	79.6%	
Apr-09	95.1%	95.1%	6.6	6.6	99.6%	99.6%	91.9%	91.9%	78.5%	78.5%	91.87
May-09	95.3%	95.4%	6.6	6.5	98.9%	98.1%	91.2%	90.0%	78.5%	78.5%	90.00
Jun-09	93.9%	90.9%	6.8	7.2	98.7%	98.5%	91.1%	90.5%	78.9%	79.6%	90.52
Jul-09	93.3%	91.4%	6.6	6.1	98.9%	99.2%	90.7%	88.9%	78.5%	77.4%	88.92
Aug-09	93.1%	92.0%	6.7	7.4	99.1%	99.8%	91.2%	93.9%	78.9%	80.4%	93.92
Sep-09	92.8%	91.6%	6.9	8.1	99.3%	99.9%	91.1%	90.9%	78.7%	78.0%	90.88
Oct-09	92.5%	90.9%	7.2	8.4	99.4%	99.8%	90.7%	87.4%	78.8%	79.5%	87.41
Nov-09	92.4%	91.8%	7.2	7.7	99.4%	99.9%	90.3%	87.9%	78.9%	79.1%	87.86
Dec-09	92.3%	91.6%	7.2	7.1	99.5%	99.9%	90.5%	91.9%	79.0%	80.1%	91.94
Jan-10	92.4%	92.7%	7.3	7.8	99.5%	99.9%	90.4%	89.2%	79.7%	85.7%	89.19
Feb-10	92.4%	92.2%	7.3	7.5	99.6%	99.9%	90.5%	92.3%	79.8%	81.5%	92.31
Mar-10	92.4%	92.5%	7.4	8.0	99.6%	100.0%	90.3%	88.9%	79.6%	77.5%	88.87
Apr-10	91.8%	91.8%	8.2	8.2	99.9%	99.9%	93.9%	93.9%	79.9%	79.9%	93.90
May-10	91.8%	91.9%	8.6	9.0	99.9%	99.9%	93.1%	92.6%	78.7%	77.4%	92.60
Jun-10	92.2%	93.0%	8.8	9.3	99.9%	99.9%	93.7%	94.1%	78.0%	76.5%	94.10
Jul-10	92.0%	91.5%	9.1	10.1	99.9%	99.8%	94.0%	94.5%	78.2%	78.8%	94.50
Aug-10	91.8%	91.0%	9.0	8.7			93.1%	90.0%	78.2%	77.4%	90.00
Sep-10	91.9%	92.3%	8.9	8.3	99.9%	99.9%	92.5%	88.6%	78.5%	80.8%	88.60
Oct-10	92.2%	94.0%	8.7	7.1	DISCONTINUED	DISCONTINUED	92.1%	89.3%	78.4%	77.9%	89.30
Nov-10	92.4%	94.0%	8.4	6.6					78.2%	76.9%	88.40

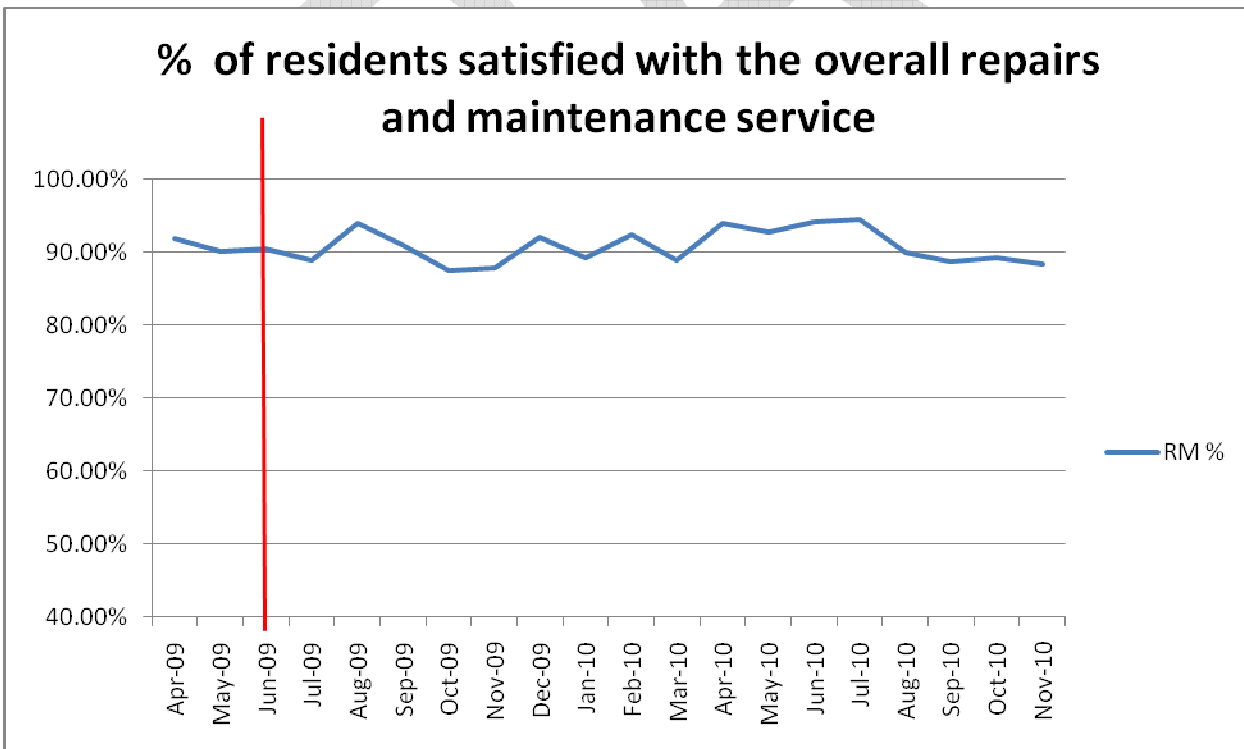
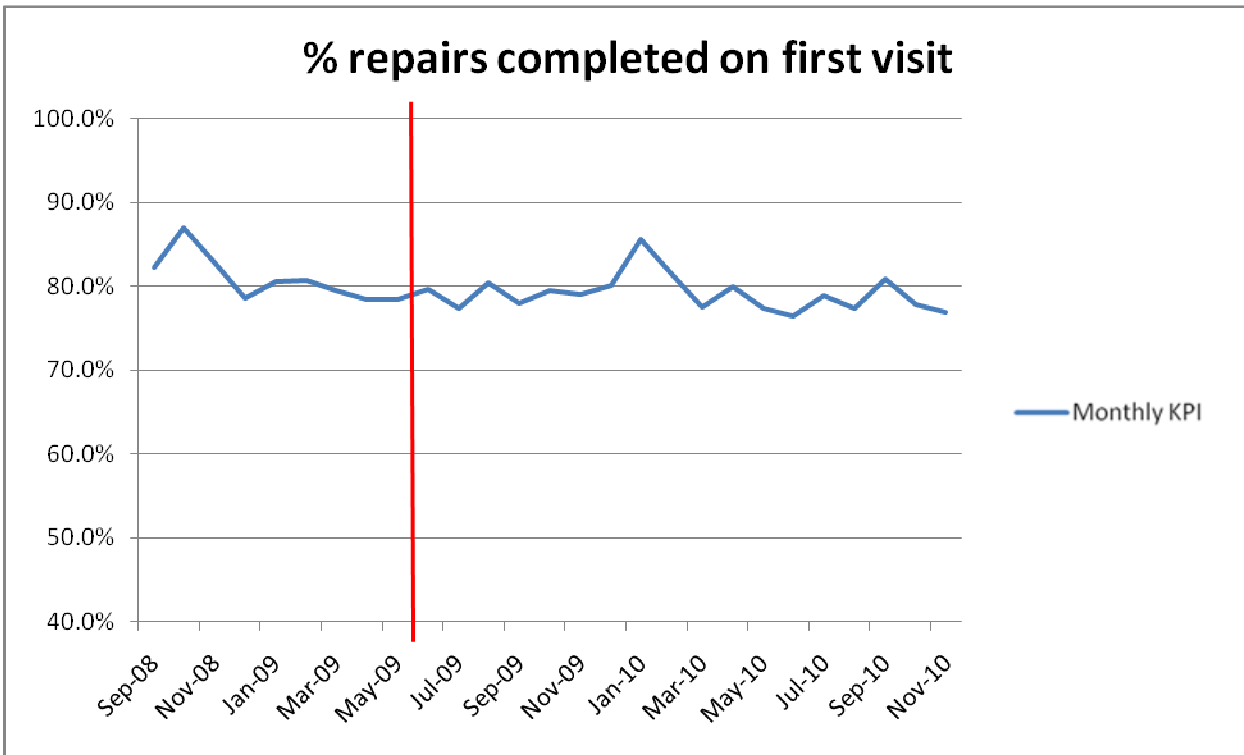
Table 2

Graphs for KPIs under scrutiny

Vertical line = the June 2009 start of the housing new housing repairs contracts







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- 4.1** Southwark's own key performance indicators currently show very strong performance for housing repairs in a range of areas. These are the statistics which allowed officers to claim in their paper put before the sub-committee in July 2010:

"Service is already demonstrating improved performance against key indicators"

"Poor performance trends will be spotted early to allow early corrective action to be taken."

- 4.2** Although cross London benchmarking information is difficult to come by, the KPIs above put Southwark in the upper quartile of Housing Repairs services in the capital, and often at the very top. As already mentioned, in 2008 these figures prompted *Inside Housing* to write that "Southwark now has the best repairs service in London".
- 4.3** Members of the sub-committee commented in particular on the very high levels of satisfaction with the service and the almost perfect performance in repairs operatives keeping appointments.
- 4.4** Members also commented on the surprising consistency of the performance shown by the KPIs over a considerable period of time (since September 2008). Though there are variations, there is generally very little change in the level of performance. This is particularly surprising given the upheaval caused by the start of an entirely new contract in June 2009. Members of the committee concluded that this indicated one of two possibilities:
- a) Southwark's housing repairs service has performed at a consistently high level since September 2008; or
 - b) The KPI system is unresponsive to variations in performance and will reflect similarly high levels of performance come what may.

How are the KPIs compiled?

- 5.1** The level of satisfaction with the service (both overall and with the last repair) is compiled via a rolling telephone survey. All residents who have recently had a repair completed are called and asked a series of questions.
- 5.2** Significantly, customers whose repair call is not recorded as complete on the system are *not* called as part of the survey. See section "Listening exercise on out-bound satisfaction survey calls" on page 16 for more information on this.
- 5.3** The overall satisfaction question is "How would you rate the overall quality of service provided to you?" Residents are asked to rate the service they have received between 1 and 5:
- 1 is "Very Poor"
 - 2 is "Poor"
 - 3 is "Satisfactory"
 - 4 is "Good"
 - 5 is "Very Good"

Any resident rating the service "3" or above is deemed to have indicated that the service is satisfactory.

- 5.4 “The % of repairs completed on time”, is defined as the contractor completing the repair within the target time, which vary according to the priority set. i.e. 2 hours, 24 hours.
- 5.5 Information to compile all of the following KPIs is reported by the contractor themselves.
- % of Repairs completed on time
 - Average number of working days taken to complete a repair
 - % of appointments made and kept
 - % of repairs completed on first visit
- The contractor operatives report this information via their mobile, electronic “iWorld” system.
- 5.6 The sub-committee expressed its surprise and concern that so much of the information required to compile the KPIs and calculate payments came from the contractors themselves without being cross- checked or verified. Subsequent investigation found that these concerns were more than justified.
- 5.7 Officers have pre-empted the completion of this report and have changed the way two of the KPIs are measured. As a result several of the *published* KPIs for November are different from those laid out in table 2 above. The sub-committee considers that these changes, although welcome and in-line with several recommendations of this report, are relatively minor and not of the order that is required for an accurate KPI system. See the section entitled “Changes to KPIs Pre-empting this scrutiny report” on page 20
- 5.8 The sub-committee expressed concern that the original numbering system used to measure satisfaction was not structured in a format consistent with data collection industry standards. For example Mori’s standard format is to have 4 options, structured in such a way that forces the responder to choose between a positive and a negative opinion. Even before listening to examples of calls made during the satisfaction survey, sub-committee members expressed their view that this numbering system was likely to skew results in favour of higher satisfaction rates. See section on “KPI monitoring survey” on page 21 for more information on this.

The “HQN Report”

- 6.1 In a report provided by officers to the 6th July 2010 meeting Officers stated:
- “We anticipate that Housing Management will be subject to an Audit Commission inspection sometime in the near future. In preparation for this we recently commissioned an external audit of our Repairs service . . . The inspection highlighted a number of areas that require improvement, and we have produced an action plan to address the identified gaps.”*
- 6.2 Following up on this statement the sub-committee asked to see a copy of the external audit. We were then provided with a report produced the external consultancy firm, HQN.
- 6.3 The HQN report was critical of the repairs service in general terms and stated that if the service were to receive an Audit Commission inspection immediately it would be given a zero star rating. The report went on to make further revealing observations, including:

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“Quality of repairs – during the time we were in the call centre, we observed that a number of telephone calls were from customers who were concerned with the quality of the repair. During a two hour period we listened to a total of 16 calls, 13 of which specifically [sic] relating to a repair. Out of those 13, five were concerning dissatisfaction with the work undertaken. This is 38.4%.”

“Levels of pre- and post-inspections not robustly monitored. Staff interviewed did not know the levels generally and there is a lack of information in the performance monitoring information.”

- 6.4** The Sub-Committee considers the HQN report to be strong preliminary evidence that there is something deeply amiss with the housing repairs KPIs. It is impossible not to notice the disparity between HQN’s zero star rating and the strong performance reflected in the KPIs. Even allowing for the methodological peculiarities of Audit Commission inspections (which HQN had sought to imitate), the contrast is striking.

Casework and Complaints

7.1 Table 3 shows statistics regarding complaints and members enquiries about the Housing Repairs Service since 2007.

Table 3

Members' enquiries and complaints*

	Total complaints	Total member enquiries	Total
2007	2291	943	3234
2008	1623	724	2347
2009	1754	746	2500
2010 (up to 30th Jul 2010)	1686	727	2413

*These figures do not include any complaints and members enquiries which are not reported through the icasework system.

7.2 The sub-committee recognises that it is difficult to take solid conclusions from these complaints and members enquiries statistics. A number of factors will affect these figures such as the accessibility of the complaints system and the casework practices of individual councillors. However, the sub-committee did feel that the overall numbers involved were high enough to place a further question mark over the accuracy of the KPIs.

It seems unlikely that a housing repairs service in which 94% of tenants had expressed satisfaction with would generate this number of complaints and members' enquiries.

Listening exercise on in- bound calls to the Housing Repairs Hotline

8.1 The sub-committee listened to 50 randomly selected recordings of telephone calls from residents to the housing repairs hotline. The listening exercise was extremely revealing as to the real standard of service being provided via the repairs contractors.

8.2 Though there were a small number of exceptions, customer call centre operatives were, on the whole, polite and helpful to residents calling in and reporting repairs. Clearly those answering phones operate in a pressurised and difficult working environment and the sub-committee felt that calls were generally handled well.

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- 8.3** However, we found that 42% of the calls we listened to related to problems with repairs which had previously been reported. This is a similar percentage to that commented on in the HQN report. It is also an extremely high figure given that KPIs consistently report that 90%+ of residents are satisfied with their last repair and 79% of response calls are entirely completed on the first visit.
- 8.4** 32% of the calls we listened to related to missed appointments by the contractor.⁶ Again, this is at odds with the KPI which consistently reports that 99% of appointments are kept.
- 8.5** In the calls we listened to, call centre operatives were regularly required to call a contractor back to a repair that had already been recorded as “completed” via the iWorld system. This suggests serious problems with contractor operatives regularly reporting calls as complete when they are not. This was confirmed during the interview with representatives of the contractors. See section on the interview with the contractors on page 15.
- 8.6** Further to paragraph 7.5, call centre operatives would usually give a *new* call reference number to the resident when the call related to a repair which had already been reported. As a result:
- KPIs will reflect multiple completed repairs when in fact only one repair has been carried out;
 - KPIs will show repairs being completed within their target time, when they have taken longer to complete.
 - Southwark council will pay for multiple repairs when it should only have paid for one. (unless Southwark issues a default notice to the contractor)
- 8.7** Just a few examples of the issues being faced by residents picked up in the listening exercise can be seen in table 4 below.

Table 4

Call Number	Description of issue in call
5	Call is to find out why operative did not turn up for an appointment. Plumber did not turn up to fix a leak.
8	“Morrisons were supposed to work in the flat last week.” Operative who came “had no idea of the job they were going to do”. Job is to replace the bath. Contractor said he was going back to his office to re-book the call. No call came.
20	A leak had been reported. Contractor went upstairs to fix it. Leak stopped for a while, but then restarted. Water leaking is now coming through the light.

⁶ There is some overlap between the % of calls regarding missed appointments and the % of calls relating to problems with repairs that had already been reported.

21	Call back from customer about a lock that has not been properly fixed. Operator says “Back office on that one said it wasn’t a missed appointment”. Tenant – “I’ve got a letter saying it was.”
23	General repair on bathroom. Customer stayed in all day but contractor never turned up.
26	Appointment booked for today to fix a blocked sink. Customer got a call saying they were on their way, but nobody turned up. New job raised. According to call centre officer the job was “cancelled” on system.
49	Emergency call for an electrician. Way beyond two hour wait. “Where is the contractor?”

Listening exercise: out-bound satisfaction survey calls

- 9.1** The sub-committee listened to 50 random calls made by the call centre as part of the rolling customer satisfaction survey. Three key observations were made:
- 9.2** Firstly, these calls are made to all customers who have repairs recently recorded as “completed”, i.e. a contract operative had reported that they have completed the repair. Despite this, 16 of the 50 people who were called said that their repair was not fully complete. This strongly supports the suggestion (See para 8.5) that contract operatives are, with some regularity inaccurately reporting calls as complete when they are not. Such a practice seriously undermines the KPIs.
- 9.3** Secondly, it was clear from listening to the satisfaction survey that tenants did not understand that, when they gave a rating of “3” rating out of 5, they were stating they were satisfied with the service. The rating system was rarely explained to tenants before they gave their answer. In three examples tenants heavily and angrily criticised the quality of the service they had received in the early part of the survey, and then went on to give a rating of 3 or above – which would show as “satisfied” in the KPIs
- 9.4** Thirdly, the survey results were further skewed in favour of a higher satisfaction rate by the practice of only calling people with *recently completed repairs*. The polling organisation brought in to carry out the monitoring survey (see section on KPI monitoring survey) made precisely the same criticism of Southwark’s methods. By theoretically excluding from the survey all tenants whose repairs are incomplete, Southwark is failing to capture the views of many people who are experiencing delays and problems with their repairs. It would be much fairer to call all customers who had reported a repair for whom the target time for the repair’s completion has passed.
- 9.5** Examples of the issues raised in some of the calls can be seen in table 5. In all cases, the repair has been recorded as complete by the contractors.

Table 5

Call number	Description of call
4	The resident states that she is not happy with the repair because the water pressure is still low. But rates the overall service as good. (4)
12	Temporary repair is complete, but not fully complete. Call centre operative asks in a leading way: "You're satisfied with the work, yeah?" and "You're happy with the service as it is?"
18	This repair is not complete. Operative says "so the repair was done but you weren't satisfied with the quality of the work. Is that OK?"
24	Customer reports that the repair hasn't been done, but an electrical test has.
25	Customer is very unhappy with the work and the repair hasn't been completed. 4 months and the repair is not complete. Call centre officer asks "If the repair's not been done I can't do a survey" and ends the call. As a result this person's dissatisfaction will not be included in KPIs.
26	Window repaired on the outside, but not on the inside. The repair is clearly not complete. Water is coming through her walls.
38	Repair is not complete. Original call was put in 6 weeks ago. Then the customer received a call asking when they want someone to come out.
40	The repair is not complete. "But you're satisfied with the work that has been done". Customer rates the service as "Not Very good" but operative says, "OK, very good"
41	Call is not complete. Window has just been boarded up.
42	Window has only been secured. The call is not complete. Resident - "It is not really repaired". Call centre - "I know, but the survey's about boarding up and making safe." When asked what could be done to improve the service, customer says "You could come back and fix it."
45	Repair not complete. Someone has come out "but he never done nothing".
46	Leak not repaired. Someone came by. She is clearly not satisfied. But customer rates the repair as a 3.

Case Tracking exercise

- 10.1** As part of a case-tracking exercise, the sub-committee asked officers to investigate 8 cases from the listening in exercise. We wanted to know how and why particular problems had arisen and whether or not the KPI regime was flexible enough to pick up and reflect these problems. The table below shows the outcome of these investigations.
- 10.2** As the table shows, the source of many of these issues appears to be contractor operatives reporting that repairs have been completed when they have not, cancelling repairs for no reason and reporting that they

have attended appointments that they have not. This confirms the observations made by the sub-committee as part of the listening in exercise.

- 10.3** These findings show the pitfalls that arise when so much ownership and control of KPI information is devolved to the contract operatives themselves. There appears to be very little oversight of their reporting activities, even by the management of Morrisons and SBS themselves. This is a conclusion that was confirmed following interviews with representatives of the contractors themselves. (See section “Interview with representatives of contractors, SBS and Morrisons p24”).

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Table 6

Source	Issue	Officer Report	Housing Sub Committee comments
Call number 5 on the CD	An appointment had been made for a plumber to come and fix leak. The plumber did not turn up,	<p>The tenant had to call several times.</p> <ul style="list-style-type: none"> • SBS repeatedly cancelled the job or put it to complete without recommendations • CSC incorrectly raised new job rather than nil value recall • The contractors did not self-report it as a missed appointment • The tenant was given the number to make a formal complaint but did not. 	A shocking example of mis-reporting by the contractor both about the completion of the job and attendance at appointments. By tracking this case, clear and unequivocal evidence of false reporting by a contractor operative has been gathered. By putting the job "to complete" the KPIs will be inflated to show multiple completed repairs within the target time, instead of the real situation, which is a series of missed appointments and repeated failure to complete the repair.
Call number 8 on the CD	Customer says that the contractor was supposed to work in the flat last week. They report that the contractor who came had no idea of the job they were going to do. Replace the bath. Contractor said he was going back to his office to re-book the call. Supposed to have been done in November.	<ul style="list-style-type: none"> • The bath does not need replacing, • It was not Morrison who attended but asbestos contractor who later returned to complete the work 	
Call number 20 on the CD	Leak reported. Contractor went upstairs to fix it. Leak stopped but then restarted. Water leaking through the light.	<ul style="list-style-type: none"> • The first leak was fixed temporarily • It is not council policy to recall out-of hours jobs so the CSC acted correctly in raising a new job • The works orders were completed on time • The leak was caused by major works contractors in the upstairs flat who fixed the leak permanently 	The Sub Committee feels that temporarily fixing something should not be recorded as a completed repair. All repairs should be considered incomplete until the problem has been completely resolved. Recording multiple completed repairs, when in fact only one repair has been carried out creates a false impression of the service being delivered.

<p>Call number 21 on the CD</p>	<p>Recall on a lock that has not been properly fixed. Operator says "Back office on that one said it wasn't a missed appointment". Tenant - "I've got a letter saying it was."</p>	<ul style="list-style-type: none"> • The CSC acted correctly by raising a recall and logging a missed appointment to be investigated • The contractors did not agree to pay compensation as they claimed they had attended but needed to refer the work to a specialist contractor • The work to renew the door was then completed within target • The tenant answered the survey incorrectly saying that first the appointment was kept, but then adding that they had attended in the afternoon rather than the morning 	
<p>Call number 23 on CD</p>	<p>General repair on bathroom. Customer stayed in all day but contractor did not turn up.</p>	<ul style="list-style-type: none"> • Contractor cancelled the first job incorrectly • The contractor did not self-report this as a missed appointment, and the tenant was unavailable for a survey. • CSC acted correctly in raising a new job to the out-of-hours service 	<p>More evidence of misreporting by contractor operatives. The routine misreporting of attendance at appointments, the completion of repairs and the cancellation of work is clearly a major problem. It is understandable that the CSC raised a new job under the out of hours service, but the KPIs should be flexible enough to record this as a single repair which has been subject to a missed appointment.</p>
<p>Call number 26 on CD</p>	<p>The contractor had made an appointment to fix a blocked sink. Customer got a call saying they were going to come and fix it, but nobody turned up. New job raised. Customer will need to wait for confirmation of appointment. Job was "cancelled" on system.</p>	<ul style="list-style-type: none"> • Contractor cancelled the jobs without giving explanation • CSC gave incorrect information and were not very sympathetic • Previous recommendations from the contractor had not been communicated for follow-on works to be organised, as per agreed procedure. • The tenant had to phone several times to get this repair resolved 	<p>More evidence of misreporting by contractor operatives.</p>

<p>Call number 49 on the CD</p>	<p>Emergency call for Electrician. They not turn up in two hours</p>	<ul style="list-style-type: none">• The work was completed, but after 6 hours rather than 2 hours, and only after the tenant called the CSC back.• The contractor incorrectly reported the job as complete on time by post-reporting	<p>More evidence of misreporting by contractor operatives.</p>
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Interview with representatives of contractors, SBS and Morrisons

- 11.1** Representatives from the contractors SBS and Morrisons attended a meeting of the Sub-committee on 29th November 2010. Their responses to our questions were blunt, honest and self-critical. Both contractors were asked if they felt KPIs were a true reflection of their organisation's performance in Southwark. In response, contractor representatives stated:

Contractor representative 1 stated:

"From what I have seen, we are currently providing a zero to one star service by Audit Commission standards."

"We are a long way from where we need to be."

"I know my operatives are not this good"

Contractor representative 2 stated:

"I don't recognise the performance of my operatives in these statistics."

"Real partnering with the council is not happening"

"We are under-performing and I want us to work with [our contract partners] and council officers to improve the situation. In order to do that we need to identify the areas of weakness, and these figures don't allow us to do that."

- 11.2** The interview revealed serious and continuing weaknesses in the management of repairs contract operatives in Southwark, which is leading directly to inaccurate KPIs. One contractor representative spoke about some of his contract operatives routinely failing to carry out the work they, but reporting some of this work as complete.

The contractor representative went on to speak about some of his operatives carrying out work, but doing so "Not really with any incentive to do anything at all." The representative explained that this was because of the payment structure under which some operatives worked.

- 11.3** The Chair then asked what disciplinary action would be taken against a contract operative who was found to have misreported information about attending an appointment or completing a repair. One of the representatives stated that managers and supervisors found it too difficult to deal with operatives who were found to have done this because they were effectively represented and Southwark Human Resources were too weak in dealing with disciplinary issues. In conclusion he said "To be honest, it's just easier to ignore it."

- 11.4** The statements in this interview gave, in the view of the committee, final confirmation to many of the problems that had been found via other investigations, in particular that there is an ongoing problem with false reporting of attendance at appointments and completion of repairs at contract operative level.

KPI Monitoring Survey

- 12.1** A key part of the scrutiny investigation was to carry out a survey which tested the accuracy of the existing KPIs. Initially, the sub-committee intended to carry out our own survey funded through resources secured via the scrutiny budget. However, following the launch of this investigation, Housing officers had decided to carry out their own survey to test the accuracy of the KPIs. Helpfully, they offered to give the sub-committee input into the questions which were asked. As a consequence, the survey is not precisely in line with the questions which the sub-committee would have asked in such a survey, but it did provide very useful information.
- 12.2** The information below is based on the interim results from the survey provided to the sub-committee on 23rd December 2010. The interim results come from 360 completed surveys, mainly carried out via telephone.
- 12.3** This survey was conducted randomly on all residents who had recently reported a repair. On reflection, the sub-committee feels that a more accurate way of surveying would be to include only those who had reported a repair for which the target completion time had passed. It is worth noting that of the 360 people surveyed, only 219 said that their repair was complete.
- 12.4** Three of the questions directly tested the KPIs. The table below shows the results along with a comparison with the relevant KPIs.

Table 7 – Comparison of KPIs with survey results

	A	B	C		
	Southwark KPI % (Nov 2010)	2010 Survey (% of those who answered question)	2010 Survey (% of all surveyed)	% Difference between A and B	% Difference between A and C
Was the last appointment kept?	99.9	83.5	78.9	-16.4	-21
Was the repair completed on the first visit?*	78.2	79	48.1	0.8	-30.1
Overall satisfaction	88.4	69.4	69.4	-19	-19

*of the 360 people surveyed, 219 said that their repair was complete. This is the reason for such a large difference between B and C for this KPI.

12.5 The results of another two questions are of interest, but which do not directly test the existing KPIs. They are questions 14 and 17:

Question Q14 Single-Coded. Answered by 219 out of 360

Q.14 How long did it take from your initial contact with the repairs service to the repair being complete?

READ OUT - SINGLE CODE

	Tot/Ans	219 %/Ans	360 %/Resp
1. Less than 24 hours	73	33.3	20.3
2. 2-3 days	62	28.3	17.2
3. 4-6 days	26	11.9	7.2
4. 7-8 days	29	13.2	8.1
5. 9-10 days	4	1.8	1.1
6. 11-15 days	4	1.8	1.1
7. 16 to 20 days	1	0.5	0.3
8. 21 days or more	17	7.8	4.7
Don't Know	3	1.4	0.8

Question Q17 (3) Single-Coded. Answered by 340 out of 360

Q.17 Thinking now about the repairs service you received (so far). Do you agree or disagree with

The quality of the repairs work was satisfactory

READ OUT - SINGLE CODE

	Tot/Ans	340 %/Ans	360 %/Resp
1. Agree strongly	187	55.0	51.9
2. Agree slightly	51	15.0	14.2
3. Neither agree nor disagree	20	5.9	5.6
4. Disagree slightly	7	2.1	1.9
5. Disagree strongly	64	18.8	17.8
Don't Know	11	3.2	3.1

12.6 Of the three KPIs that are directly tested by this survey, two firm conclusions can be taken:

- The survey tells us that the KPI on appointments made and kept is inaccurate. Only 79.9% stated that the contractor turned up for the appointment as opposed to the 99.9% shown in the KPIs.
- The real level of satisfaction with the repairs service is clearly much lower than the 90%+ figures that have regularly been quoted in the KPIs. The survey shows a much lower figure of 69.4%.

The housing repairs contract and the KPIs

13.1 The Repairs maintenance contract which commenced in June 2009 is run by two organisations: Southwark Building Services (SBS) (North of the borough) and Morrison Facilities Services (South of the borough). The contract is let for 7 years with option to extend for further 3 years. The contract includes “adjustments” to the contractors profits linked to the performance in a variety of key performance indicators. Further details of these adjustments cannot be revealed due to the commercial sensitivity of this information. However, the reductions or increases in payments on either contract could potentially involve significant amounts of money.

13.2 Through this scrutiny process the sub-committee has discovered that Southwark Council, in agreement with both contractors, has not implemented the financial incentives based on the KPIs. The explanation for this can be seen below. The following quote is taken from an email exchange between the Chair of the sub-committee and an officer involved in the management of the contract. The incentives have not been implemented:

“Because of the difficulty of measuring the KPI's in a way that actually reflects the service being provided we have reported them but have not adjusted payments up or down. I understand that you have come across this problem during your Scrutiny investigation. KPI's are now being measured in a more "realistic" way. Unfortunately this does not align with the provisions of the contract and it has not been possible to either incentivise or penalise the contractor.

There have also been significant difficulties with the integration of the various computer systems used by the Council and the contractors which have rendered some of the KPI almost unachievable.”

13.3 The sub-committee believes that this state of affairs should not be allowed to continue. The financial incentives were placed in the contract for a good reason: to push the contractor to improve their performance. It is not acceptable for this contract to continue to operate with no financial incentives governing performance.

13.4 A key body in the management of the repairs contract is the “Core Group”. This is a body made up of Housing Officers and representatives from the contractors which meets on a regular basis to review performance information and resolve outstanding issues.

Changes to KPIs pre-empting this scrutiny report

14.1 Officers have pre-empted the completion of this report by changing the way several of the KPIs are measured. The changes relate to two of the KPIs covered in this report. They are:

- a) The KPI on appointments made and kept is no longer compiled using information provided by contractors using the iWorld system. Instead officers take this figure from answers given in the satisfaction survey.
- b) The answer options for the question on overall satisfaction with the service provided has been changed. In place of the original options, the following are now used:

- Very Good
- Good
- Neither satisfied nor dissatisfied
- Poor
- Very Poor

The middle rating was previously "satisfied". Southwark is now only counting those who said the service was "Good" or "Very Good" as satisfied.

- 14.2** Officers were asked via email why it was felt necessary to change the way in which the appointments made and kept KPI was calculated. The answer given was:

"It was felt that relying on the contractor's self-reporting for missed appointments was not as reliable as the tenant's point of view."

- 14.3** The sub-committee considers that these changes, although welcome and in-line with several recommendations of this report, are relatively minor and not of the order that is required for an accurate KPI system.

Payments to customers for missed appointments

- 15.1** A further observation throws yet more doubt on the accuracy of appointments made and kept KPI. There is a large disparity between this KPI and the number of payments that Southwark has paid to customers as compensation for missed appointments. The year to date figure for appointments made and kept is 99.9% - an almost perfect level of performance that suggests a mere handful of appointments have been missed. And yet, since the repairs contract was launched in June 2009, more than 1441 compensation payments for missed appointments have been made.

Walworth Community Council

- 16.1** During this scrutiny process the Chair of Walworth Community Council invited the Chair of the Housing and Community Safety Scrutiny Sub-committee to a meeting in Walworth. The Chair attended a meeting of Walworth Community Council on 10th November 2010 and gave a presentation on the work of the sub-committee.
- 16.2** Walworth Community Council area was a particularly useful area of Southwark in which to discuss this scrutiny process because of the high density of social housing in the community council area. Verbal feedback from local people attending the meeting provided very useful background information which informed the subsequent work of the sub-committee.
- 16.3** Most usefully of all, the Community Council carried out an electronic voting exercise in which all those attending (approximately 60 people) voted on their answers to various questions relating to the KPIs. The full results are in the table below.

Results from voting exercise at Walworth Community Council meeting, 10th November 2010

1. When you have contacted the customer service centre, was the customer service representative helpful?

Yes 55%

No 45%

2. Was the appointment kept?

Yes 50%

No 50%

3. Did the contractor turn up at the agreed time?

Yes 42%

No 58%

4. Do the contractor show you proper identification & wear a uniform ?

Yes 38%

No 62%

5. Was the contractor polite and tidy?

Yes 47%

No 53%

6. Is the repair fully complete?

Yes 43%

No 57%

7. Was this particular repair completed correctly in the first visit? By the contractor?

Yes 25%

No 75%

8. If the contractor needed to make another appointment, did they arrange this while still at your home?

Yes 15%

No 85%

9. If completed are you satisfied with the quality of work carried out ?

Yes 41%

No 59%

10. How would you rate the overall quality of service provided to you ?

Very good 7%

Good 17%

Neither good nor bad 31%

Poor 24%

Very poor 21%

- 16.4** The sub-committee accepts that voting exercises such as this are not scientific. Though the vast majority of those attending the Community Council meeting were council tenants, by no means all were. However, the results do make interesting reading. In particular, the very low levels of satisfaction and % of appointments kept have little similarity with the KPIs.

Part 3 – Conclusions and Recommendations

Assessment of the accuracy of key performance indicators

- 17.1** Southwark’s housing repairs KPIs currently provide little or no insight into the actual quality of service being provided by SBS and Morrisons. The KPI system, as it is currently constituted, relies on two sources of information (contract operative’s iWorld system and the satisfaction survey) neither of which can be relied upon. Consequently, those who suspected that these KPIs were too good to be true at the beginning of this scrutiny process, have been proved correct.
- 17.2** The information entered into the iWorld system by contract operatives is regularly and routinely incorrect. By the contractors own admission, their operatives report that repairs have been completed, or appointments kept when, in fact, they are not. The satisfaction survey is flawed in a number of ways, not least because the survey excludes those that have not had a repair recently completed.
- 17.3** The sub-committee has come to this conclusion on the basis of the considerable amount of evidence gathered during this scrutiny process, which should be taken as a whole. However, the sub-committee puts particular weight on the following findings:
- The interim results from the newly commissioned repairs survey which show significantly lower levels of satisfaction, appointments kept, etc, than are shown in the KPIs
 - The stark admission of the contractors themselves that the KPIs are not based on reliable information.
 - The HQN Report’s assessment of Southwark Housing Repairs as a zero star service
 - The high proportion of missed appointments found during the listening in exercise on in-bound calls to the repairs hotline
 - The high proportion of calls left incomplete, but reported by the contractors as complete, found during the listening in exercise.
 - The high proportion of respondents to the satisfaction survey who stated that their repair was not complete, even though the survey is supposed to only include those who have recently had a repair completed
 - The evidence of mis-reporting of the completion of work and attendance at appointments by contract operatives found during the case-tracking process
 - The fact that Southwark and the contractors agreed, after the contract was signed, not to implement the profit adjustment mechanisms based on the KPIs. The reason for this, by officers’ own admission, has been “the difficulty of measuring the KPI's in a way that actually reflects the service being provided”
 - The fact that officers have already made changes to two of the KPIs (overall satisfaction rating and appointments made and kept) pre-empting this report.
- 17.4** So extensive and apparent is the evidence that Southwark’s KPIs are unreliable and inaccurate, it is very surprising that the system has been allowed to continue in its current form for so long. A culture has developed at Southwark in which the key performance indicators have ceased to be an effective tool for managing contractor performance. The KPIs are used to compile performance reports which are examined by the senior management team, and yet, the information is so unreliable, it is unlikely to assist senior managers in identifying areas of weakness. KPIs have often been used for boosting the reputation of the Council among tenants and the local government community, and convincing members that the service is performing strongly. KPIs have been regularly put before councillors and tenants in recent years in order to refute accusations of poor performance. Southwark has even gone so far as to claim awards based on the KPIs.

- 17.5** Whether or not officers have known or suspected that their KPIs were inaccurate is a moot point. Until this scrutiny process began Southwark was operating a “don’t ask, don’t tell” policy with regard to their accuracy. This has had a hugely detrimental effect on the quality of the service which is being provided to tenants. Contractor performance has been allowed to drift to the point where missed appointments are commonplace and repairs are left cancelled or incomplete. This cannot be allowed to continue.
- 17.6** The sub-committee also feels that the contractors, Morrisons and SBS, need to take more responsibility for the accuracy of the KPIs. They are currently far too “hands off” in the management of their operatives behaviour in reporting KPI information. A primary reason often given for outsourcing public services is that the private sector has far better people management skills than the public sector. The sub-committee felt that Southwark’s repairs service is not currently benefiting from this often cited advantage and this needs to change.
- 17.7** Based on these observations the sub-committee wishes to make a number of recommendations which would improve the accuracy of the KPIs *and* encourage a more challenging performance management regime for SBS and Morrisons.

Recommendations

Culture change in Housing Repairs

1. There needs to be a new culture of openness and transparency between officers, members and tenants with respect to the Housing Repairs Service. Some of the information presented by officers to the sub-committee at the outset of the scrutiny process painted a very positive picture of the repairs service – a picture which has been found to be inaccurate. Officers at all levels should be encouraged to be open and frank about the state of the housing repairs service.
2. Key performance indicators should be primarily used as a tool for producing improvement in the repairs service. Since September 2008, when the new system was introduced, KPIs appear to have been used, in the main, to project a positive image of the service to members and tenants. This “presentational” approach needs to come to an end. A significant example of the “presentational” approach to KPIs is the award which Southwark applied for and won in November 2008 based on “new benchmarking information”. Acceptance of awards such as these needs to be carefully considered and based on sound performance information. Given what has been discovered through this scrutiny process, this is clearly not the case for Southwark’s award in 2008.

Consequently, the sub-committee recommends that Southwark should not apply for such awards in the future unless the application is based on reliable performance data.

3. It has become clear that a key body in the management of performance information is the “core group” made up of senior officers and representatives from the contractors. The sub-committee suspects that some of the problems that have been uncovered and dealt with had the core group taken a more challenging approach to the quality of contractor performance. To encourage this approach, the sub-committee recommends that the Cabinet Member for Housing should become a member of the core group and Chair its meetings.
4. A representative from Tenants Council should also sit on the Core Group.

Getting a clearer picture of real performance

5. The KPI system needs to follow repairs from start to finish. A single reference number should be given to each newly reported repair and that number should be used as a reference until the repair is *fully* complete.
6. Call centre operatives should be trained to raise “call backs” to all repairs which relate to a continuation of an existing problem. So, for example, if a tap has been reported as fixed but the customer calls back and says it has started leaking again, the operative should ask contractors to return to the property under the original repair reference number. The KPIs should reflect this as a single repair.
7. Currently, if a window has been damaged, the contractor can attend, board it up and then report the repair as complete. The listening in exercise showed several examples of the contractor doing this, then promising to return but failing to do so. To prevent this from happening, temporary repairs should not be reported as “completed repairs”.
8. Appointments made and kept should no longer be measured through the iWorld system operated by individual contractor operatives. This scrutiny has found that some operatives are routinely reporting that they have attended an appointment when they have not. Instead this KPI should be measured through the satisfaction survey.
9. The completion of repairs should no longer be reported solely through the contractors iWorld system. Instead this should be replaced by a system which allows the customers to verify whether or not the call is complete. When the job is complete the contractor should report this using his/her mobile device as they do now. As soon as the contractor reports a job as complete a text message should be automatically sent to the customer requesting confirmation that the repair is complete. If the customer replies “Yes” or fails to respond within a set period the call is confirmed as complete. If the customer responds by saying the repair is not complete, a call centre operative should then phone the customer, verify the situation and, where necessary, re-open the repair. Representatives from SBS and Morrisons have confirmed that such a system is realistic, affordable and could be implemented through partnership with the council.
10. The method of collecting statistics for customer satisfaction needs to be fundamentally changed. The following changes should be made to the satisfaction survey:
 - a) The practice of asking for a rating of the service between 1 and 5 and assuming that anything above 3 is satisfied should no longer be used. The satisfaction survey should be conducted according to polling industry standards by giving the options Very Good, Good, Poor, Very Poor or Neither satisfied nor dissatisfied. Only counting those who said the service was "Good" or "Very Good" should be treated as satisfied for the purposes of this KPI
 - b) The practice of only surveying people who have had recently completed repairs should end. Instead, all tenants for whom the target completion date of their repair has passed should be surveyed.
 - c) Call centre operatives conducting the survey should be empowered to refer continuing problems with a repair back to contractors. So, for example, if the officer conducting the satisfaction survey discovers during their conversation with the tenant that contractors have not turned up for an appointment, they should be able to re-open the call, book a new appointment and insist that operatives return to complete the repair.

The housing repairs contracts

11. Southwark is currently failing to implement any of the financial incentives, calculated according to the KPIs, contained within their housing repairs contracts. As a result neither of the contractors has any financial incentive to improve their performance. The sub-committee accepts advice from officers that the incentive system contained in the contracts has not been implemented due to technical difficulties and a realisation by all three parties that some of the minimum targets are unachievable in the short term. This is a very unfortunate state of affairs, but it should not be an excuse to have no incentives whatsoever.

If it is possible for all parties to depart from their contracts and agree that no financial incentives should be implemented, it should be equally possible for all parties to agree a new and realistic performance management regime which incentivises the contractors to meet minimum levels of performance.

In the spirit of partnership which all parties have expressed their belief in during this scrutiny process Southwark Council, SBS and Morrisons should negotiate a new performance management regime.

12. Inaccuracies in reporting of complete repairs appear to lead to Southwark paying for more work than is in fact being carried out. Under the current system Southwark has to raise a default notice in order re-order repair work which has been reported as completed at zero cost. The sub-committee is not convinced that enough default notices are being issued to discourage poor performance. Further to recommendations 5 and 9, Southwark should introduce a policy of raising a default notice for *all* incomplete repairs which the contractor has reported as complete.

Contractor management of operatives

13. The sub-committee recognises that contractor operatives do a difficult job in often testing circumstances. The sub-committee believes that many contractor operatives report their attendance at appointments and the completion of work in a scrupulous and honest manner. However, it is impossible to ignore the widespread evidence gathered through this scrutiny process of misreported performance information which could only have come from contract operatives. It is therefore vital that SBS and Morrisons make it clear to their employees that mis-reporting information in this way is completely unacceptable and will lead to serious disciplinary action where it is found to have occurred. Through the "Core Group" Southwark Council should insist that both SBS and Morrisons:

- implement a thorough training programme for all of their supervisors and managers working on the Southwark contract on administering disciplinary procedures against operatives who have been found to have misreported repairs information.
- senior contractor managers should make clear to operatives, through whichever means are deemed most effective, that there will be a zero-tolerance policy on the mis-reporting of repairs information.

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