

<b>Item No.</b> 16.	<b>Classification:</b> Open	<b>Date:</b> 17 September 2019	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Insourced repairs service – Year one review	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Kieron Williams, Housing Management and Modernisation and Councillor Victoria Mills, Finance, Performance and Brexit	

**FOREWORD - COUNCILLOR KIERON WILLIAMS, CABINET MEMBER FOR HOUSING MANAGEMENT AND MODERNISATION and COUNCILLOR VICTORIA MILLS, CABINET MEMBER FOR FINANCE, PERFORMANCE AND BREXIT**

A high quality housing repairs service is central to our commitment to providing good quality homes for our tenants and residents. On 1 October 2018, the council brought responsive housing repairs in house in order to drive up standards and ensure a consistent approach to repairs that will benefit tenants. This was the latest, and biggest, example of Southwark leading the way in reversing the trend of outsourcing public services, with our experience since 2010 being that in-house services can carry less risk and deliver higher quality and performance.

As we approach one year on from the move in-house it is time to reflect on progress made and next steps. Bringing such a large and complex service in-house is a complex task. We are very pleased to say this has been completed whilst maintaining and in key ways improving service standards. However our ambition is to go further in improving both quality and value for money. We want to move to a truly ‘One Council’ service that puts residents at the heart. Our vision is for a service that consistently gets repairs right first time, grows our own workforce (including by investing in apprenticeships), works with local suppliers to help boost the local economy and achieves the very best value for money. We know there is more to do to achieve these aims. This progress report sets out our clear commitment keeping the service in-house and to taking forward the service so it meets these ambitions.

After a year that has successfully ‘bedded in’ the new service, the key next step is the development of a three year improvement plan which this report will kick off. Many improvements can and will be delivered sooner but a longer-term plan will allow us to put the service on a sustained footing and make clear our long-term commitment.

**RECOMMENDATIONS**

1. That Cabinet agrees that all non-chargeable repairs and associated works (responsive repairs inside council tenants’ homes) remain in-house, delivered by the council.
2. That Cabinet requests that a three year improvement plan for this housing repairs service be developed, in consultation with staff, members and residents, and presented to Cabinet for approval in March 2020
3. That Cabinet recognises the need to negotiate with the relevant trade unions of

affected staff on pay and reward terms and conditions in Southwark Traded Services and agrees to delegate authority for negotiation and implementation to the Strategic Director of Environment and Leisure

## **BACKGROUND INFORMATION**

4. On 12 December 2017 the Cabinet instructed officers to develop detailed plans that would allow all non chargeable internal repairs and associated works to be undertaken by the council's in-house service for housing repairs, Southwark Building Services (SBS), for an initial period of 12 months with effect from October 2018.
5. On 13 March 2018 the Cabinet reaffirmed its commitment to repairs being brought back in-house, including the TUPE transfer of staff, and instructed officers to continue the work preparing for this.
6. On 1 October 2018 the council's contract with Mears ended and 65 staff transferred to the council, joining SBS who took over responsibility for delivering internal repairs, minor aids and adaptations, and void works throughout the whole council housing stock.
7. The new arrangements for delivering internal repairs were successfully mobilised following the ending of the contract with Mears and key performance indicator targets were met or nearly met (see performance review information in Appendix 1).

## **KEY ISSUES FOR CONSIDERATION**

8. The initial period allowed by the cabinet for undertaking all non chargeable repairs in-house will come to an end on 1 October 2019 and a decision on how these repairs will be undertaken after that date therefore needs to be taken before then.

## **Delivering Services In-House**

9. The task of preparing SBS for taking over all of the internal repairs from Mears, whilst developing a new service model to ensure that the service was not just maintained but improved was a large, complex and challenging one.
10. The project was overseen by a strategic board comprising the Strategic Directors of Finance & Governance, Housing & Modernisation and Environment & Social Regeneration.
11. Fifteen work streams were established, each having a lead officer in order to drive forward implementation and ensure delivery. The progress of each of the following work streams was overseen by the strategic board:
  - Business Case
  - HR (TUPE and terms and conditions)
  - Terms & Conditions
  - New In-House Service
  - Contracts/ Procurement
  - Material, Equipment and Stores
  - Vehicles
  - Workplace
  - IT
  - Contact Centre
  - Communication
  - Resident Engagement
  - Organisation Development

- Implementation
- Programme Governance

Further information on each of the work streams is available in Appendix 2.

12. Phase one of the project, which was to mobilise the new arrangements (including the transfer of staff from Mears), was successfully completed on time, on budget and in a way that enabled performance to be broadly maintained.
13. Appendix 1 sets out the performance information for the first 10 months of the new service.
14. The internal repairs service in general has not realised the required efficiency savings and the implications of this are outlined in the financial implications (paragraphs 30-32).

### **Improvement Programme**

15. Phase two, which comprises the improvement plan and efficiency savings, has proved to be more challenging and there are some substantial programmes of work yet to be completed. Officers are therefore working on detailed and updated improvement plans which cover all areas of the service.
16. A three year improvement plan will be developed in consultation with staff, residents and members and presented to Cabinet for approval, covering key areas of finance, staffing requirements, performance and tenant satisfaction. The aim is to develop a wholly integrated and seamless repairs service for tenants that is demonstrably of good standard and good value for money. It is intended that many improvements will have been delivered much sooner than three years, but there are inevitably some improvements that will be more complex and therefore take longer to deliver in full.
17. The three year plan will also cover any decisions that are required regarding the strategic management of the council, including decisions on any major reorganisations or major reallocations of functions between departments or chief officers as the historic 'client contractor' split is dissolved to create the one-team approach.
18. Previously, the authority delegated to the Strategic Director of Environment and Leisure by the Leader on 13 March 2018 covered SBS only. In order to take full benefit of bringing the service back in-house, the plan will consider what changes across the whole of repairs, in both the Environment and Leisure department and the Housing and Modernisation department will most benefit tenants.
19. Governance of the improvement plan delivery will be provided by an operational review board and strategic oversight will come from members of the chief officer team. Periodic progress reports to the Cabinet Members for Housing Management and Modernisation and Finance, Performance and Brexit will be given to allow political oversight.
20. If the Cabinet agrees the recommendation to keep the service in-house, the council will begin, in the autumn, a programme of increased resident engagement to ensure tenants are at the heart of continuing to shape and improve the service, building on the work already taking place through the council's resident involvement

structures.

### **Terms and Conditions**

21. Preparation work to develop consultation and negotiation on terms and conditions of employment is underway in line with the Cabinet's decision of 13 March 2018.
22. Staff in SBS work with colleagues in Asset Management and Pest Control as part of a single business unit – the Traded Services Division. The consultation and negotiation about terms and conditions will be carried out across the Traded Services Division to ensure that (i) any equal pay risks are mitigated, (ii) parity and fairness in terms and conditions is maintained across the business unit, and (iii) job roles align with any proposed delivery model and new service structures. All staff and Trades Union will be fully consulted on proposed changes.
23. The aim will be to negotiate a move away from locally agreed schemes and multiple sets of terms and conditions to a pay structure which offers a framework for staff wage and potential career progression, incentivising high performance and behaviours in keeping with Southwark's values.
24. In seeking to renegotiate terms and conditions that are compliant with equal pay legislation, consistent with the council's fairer future values and that provide fair recognition and reward for effort and expertise there may be some employees who lose financially as well as many who will gain financially. Therefore, consultation and negotiation through the collective bargaining process with the recognised Trades Union will be undertaken to renegotiate the terms and conditions of service for Traded Services.
25. The reorganisation will be undertaken in line with the council's Reorganisation, Redeployment and Redundancy Procedure including the production of an equality impact analysis. All staff and Trades Union will be fully consulted on proposed changes.
26. It is noted that under the council's Constitution part 3C a full cabinet decision is required to consider and agree (4) decisions regarding the strategic management of the council including decisions on major reorganisations and major reallocations of functions between departments or chief officers and (6) approval of major terms and conditions of employment outside the national and provincial schemes
27. The leader previously delegated responsibility to the Strategic Director of Environment and Leisure, as the appropriate Chief Officer, to undertake negotiations in the limited time available prior to the transfer of the service from Mears on 1 October 2018. It was not possible to conclude those negotiations within that limited timescale.

### **Community impact statement**

28. These services affect all council tenants, support the council's commitment to providing affordable quality housing and deliver its Fairer Future objectives. The repairs and maintenance service level agreement is designed to deliver both timely and responsive repairs for council tenants. Improving performance in customer satisfaction and right first time repairs will have a positive effect on service users.

## **Resource implications**

29. Any predicted savings from the client function have not been realised at present, as they are required to provide additional support to SBS during these improvement plans.

## **Financial implications**

30. The financial implications are threefold:
- SBS are now being asked to do more work than originally included in the 19-20 budget in respect of voids and temporary accommodation;
  - SBS are forecast to be operating at a financial deficit for the current year, significantly higher than that reported for the previous financial year;
  - Planned efficiencies across the Housing and Modernisation service have yet to be realised.
31. Combined these are an aggregate forecast financial pressure on the HRA of £5m in the current financial year.
32. An assessment of the volumes and value of work being requested of SBS and the associated costs of delivery will be undertaken to inform the 20-21 budget setting process

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Strategic Director of Finance and Governance**

33. The strategic director for finance and governance notes the financial implications for the current financial year highlighted in the report. Also noted are the financial risks for 2020-21 onwards which will be recognised and managed as part of the 2020-21 budget setting process.

### **Director of Law and Democracy**

34. The Director of Law and Democracy notes the content of the report.
35. This report asks the cabinet to agree to retain all non chargeable repairs and associated works in-house after 1 October 2019, delivered by the council, and to be presented with a three year improvement plan for the service be developed presented for the cabinet's approval in March 2020. The report also asks the cabinet to delegate to the strategic director of environment and leisure the decision to negotiate and implement changes to the terms and conditions of service for employees in the Traded Services division of the Environment and Leisure department.
36. It is a matter for cabinet to decide whether to retain all non chargeable repairs and associated works in-house beyond the initial 12 months previously agreed by cabinet on 13 March 2019.
37. Cabinet will note that the three year improvement plan for the housing repairs service will be subject to consultation with all affected parties and to a further report to be presented to cabinet for approval in March 2020.

38. With regard to the decision concerning the terms and conditions of service in the Traded Services division, under the constitution, decisions on the approval of major terms and conditions of employment outside the national and provincial schemes are matters reserved for full cabinet. As set out in Part 3 of the constitution the cabinet can delegate this decision to the appropriate Chief Officer which, as the changes are confined to staff within the Environment and Leisure department, is the strategic director of environment and leisure. Under the scheme of management that delegated decision also requires the approval of the Head of HR and consultation with recognised Trade Unions. The changes will be subject to local collective agreement with the Trade Unions which requires the approval of Head of HR.
39. Cabinet's attention is drawn to the Public Sector Equality duty (PSED General Duty) under the Equality Act 2010, and when making decisions to have regard to the need to (a) eliminate discrimination, harassment, victimisation or other prohibited conduct, (b) to advance equality of opportunity and (c) foster good relations between persons who share a relevant protected characteristic and those who do not share it. The relevant characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation, The duty also applies to marriage and civil partnership but only in relation to (a). The cabinet is specifically referred to paragraph 25 of the report which confirms that an equality analysis will be undertaken in relation to the reorganisation of the Traded Services division.
40. Consideration will also need to be given to equalities issues at each stage of the proposed three year improvement plan for the housing repairs service.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Gateway 0 - Strategic Options Assessment for Responsive Repairs and Maintenance Works	Housing & Modernisation / Environment & Leisure 160 Tooley Street	Christine Bramman / Mick Lucas 020 7525 0333 / 1140
<a href="http://moderngov.southwark.gov.uk/documents/g5753/Public%20reports%20pack%20Tuesday%2012-Dec-2017%2016.00%20Cabinet.pdf?T=10">http://moderngov.southwark.gov.uk/documents/g5753/Public%20reports%20pack%20Tuesday%2012-Dec-2017%2016.00%20Cabinet.pdf?T=10</a>		
Progress report in-house repairs service	Housing & Modernisation / Environment & Leisure 160 Tooley Street	Christine Bramman / Mick Lucas 020 7525 0333 / 1140
<a href="http://moderngov.southwark.gov.uk/documents/g5756/Public%20reports%20pack%20Tuesday%2013-Mar-2018%2016.00%20Cabinet.pdf?T=10">http://moderngov.southwark.gov.uk/documents/g5756/Public%20reports%20pack%20Tuesday%2013-Mar-2018%2016.00%20Cabinet.pdf?T=10</a>		

## APPENDICES

No.	Title
Appendix 1	SBS year 1 evaluation
Appendix 2	In-house repairs service programme work streams

## AUDIT TRAIL

<b>Cabinet Member</b>	Councillor Kieron Williams, Cabinet Member for Housing Management & Modernisation and Councillor Victoria Mills, Cabinet Member for Finance, Performance and Brexit	
<b>Lead Officer</b>	Michael Scorer, Strategic Director of Housing and Modernisation and Caroline Bruce, Strategic Director of Environment and Leisure	
<b>Report Author</b>	Christine Bramman, Head of Repairs & Maintenance and Mick Lucas, Acting Director of Environment	
<b>Version</b>	Final	
<b>Dated</b>	4 September 2019	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		6 September 2019