
REPORT TO:	Housing and Community Services Committee	AGENDA ITEM:	13
DATE OF MEETING:	17 July 2003	CATEGORY:	
REPORT FROM:	Director of Community Services	DELEGATED/ RECOMMENDED OPEN:	
MEMBERS' CONTACT POINT:	Mark Seaborn (ext 5775)	PARAGRAPH NO:	
SUBJECT:	Housing Repairs and Maintenance	DOC:	
WARD(S) AFFECTED:	All	REF:	
		TERMS OF REFERENCE:	

1.0 Reason for Exempt (if appropriate)

1.1 Not exempt.

2.0 Recommendations

2.1 To approve the vision principals for the repairs and maintenance service namely: (1) one service, focused on the needs of its users (2) financially viable and value for money (3) an engaging and developing environment, within which staff are to work

2.2 To approve a period of staff and member consultation as to how these principals can best be implemented.

2.3 To approve the strategy of bringing the gas service back in-house.

2.4 To delegate authority to the Director of Community Services to bring about the transfer of the gas operation, subject to consideration of a business case, setting out the final costs and benefits of doing so, following consultation and consideration of any staffing issues which impact on the decision.

3.0 Purpose of Report

3.1 To seek a mandate from members to commence a process to overhaul the repairs and maintenance service.

4.0 Executive Summary

4.1 The repairs and maintenance service is a fundamental part of the overall service provided to housing tenants and users of public buildings. There are significant problems within both the client and contractor sides of the present service, which are worsened by the very presence of a client / contractor split. The service needs to re-focus its work to deliver maximum value to users, the detail of which is to be subject to staff and member consultation. The re-integration of the gas servicing operation into the DSO will assist in delivering the vision for the repairs and maintenance service.

5.0 Detail

- 5.1 A detailed review of the repairs and maintenance service provided by the housing service, principally to tenants, but also to users and occupiers of corporate or public buildings has been undertaken. This review follows on from the work which Pennington Consulting undertook in late 2002, which in itself followed on from the work that related to the Best Value sheltered housing service review and inspection.
- 5.2 The purpose of this review is to establish a future vision for the responsive repairs service. The report has been prepared by a small group of officers, consisting of Mark Seaborn (Interim Housing Manager – Pennington), Simon Waple (Property and Finance Consultant – Pennington), Paul Johnson (Housing) and Andy Winson (DSO). Prior to undertaking the detailed work associated with the review, the team identified a number of objectives for the study, which were:
- 1) To identify the weaknesses in the management, operation and delivery of responsive and void repair work
 - 2) To consider the impact of the present client and contractor split
 - 3) To review the resources, both financial and others, being deployed within the service, commenting on efficiency
 - 4) To review the effectiveness of operational and financial controls presently in place
 - 5) To recommend a course of action that will secure a one star service grading within 12 months and provide a foundation for securing a two star service grading within 2-3 years.
 - 6) To establish a viable plan to deliver the responsive repair / void service efficiently and effectively within the available resources and to provide an acceptable level of service to tenants
- 5.3 The team have produced a detailed report setting out the issues that the service faces and the proposed solutions.
- 5.4 At the heart of the issues being faced by the service are the cultural, operational and financial arrangements which are associated with the present client and contractor split of responsibilities. The housing service acts as client, it receives the repairs, issues instructions to the contractor, checks that the contractor has done the work properly and authorises payment. The DSO acts as contractor, undertaking the work issued by the client and seeking payment when complete.
- 5.5 The present system gives rise to:
- A clear 'us' and 'them' culture rather than staff focusing on the needs of service users, principally tenants
 - An industry which consumes resources to administer this relationship, which could either be saved or re-directed into better services for tenants.
 - Poor levels of actual service delivery
 - A lack of accountability and collective responsibility to achieve results for service users
 - A lack of financial transparency
- 5.6 In addition to the issues that the system itself give rise to, both the client and contractor side have issues of their own. The DSO is increasingly on the verge of financial failure, with it becoming progressively more difficult for it to secure sufficient income to cover its costs. At the same time, the DSO struggles to provide sufficient flexibility in its workforce so that it can work at maximum productivity and also meet the peaks and troughs of work associated with responsive repairs. The client side has difficulties with the level of repairs which are issued

as emergency or urgent repairs, inaccurate diagnosis and the value that the services technical personnel add to the overall process.

5.7 In conclusion, should the service be inspected it is unlikely that it would achieve a rating that would be acceptable to the Council and its tenants.

5.8 It is proposed therefore to radically overhaul the repairs service. Members are being asked, through this report to endorse the principals of a vision for responsive repairs, with a view to a period of staff and member consultation, followed by a further report to members on the detail. While some of the practical changes that will be required to deliver the vision will have no cost implications, there is potentially a need for significant additional investment in the service to bring about sustainable change. The principals that members are invited to endorse are:

- One service, focused on the needs of its users
- Financially viable and value for money
- An engaging and developing environment, within which staff are to work

5.9 As part of the review process, the need to secure the financial viability of both the DSO and the overall repairs budget within the Housing Revenue Account (HRA) was identified. One of the options that were noted for further investigation, was the potential to bring both the electrical and gas contracts back in-house, increasing the economies of scale of the DSO and reducing the cost to the HRA. This conclusion coincided with the decision by East Staffs BC, via their contractor arm, Trent Force to dis-continue providing a gas service, following expiry of their present contract in March 2003.

5.10 Investigations have revealed that there appears to be little financial merit in bringing the electrical contract back in house.

5.11 However, it does appear worthwhile to do so for Gas. This conclusion is partly driven by Trent Forces decision, in that an alternative provider is likely to charge considerably more. This would have the impact of potentially adding between £50-70,000 extra cost, every year to the HRA, which is unsustainable. The timing of this proposal is also influenced by Trent Forces decision, in that whatever happens South Derbyshire will be working with someone else next year.

5.12 An informal meeting has been held with senior managers of Trent Force. It would appear that East Staffs BC would be amenable to South Derbyshire taking the existing gas servicing operation that they provide for South Derbyshire tenants as a 'going concern'. The conclusions of the investigation work is that this approach is in the best interests of the Council in that:

- It mitigates against an anticipated substantial cost rise
- It assists the DSO to spread overheads and ensure financial viability
- It will improve trade capacity in the DSO and hence its ability to deliver services
- It will ensure continuity of service in this current year
- It will avoid the need to undertake procurement exercise

5.13 It is proposed therefore to:

- Seek an agreement from East Staffs BC that the existing gas servicing operation will transfer to South Derbyshire as a going concern
- In consultation with personnel, assess the staffing issues that apply to implementation of this agreement

- Subject to there being no staffing issues which detract from the benefits to the Council, to implement this decision, securing the services of the staff concerned at the earliest opportunity.

5.14 The staff presently employed by East Staffs, may well have TUPE protection and therefore an automatic right to transfer to South Derbyshire. Once these staff have been secured, any remaining vacancies would be filled through open competition, in the first instance ring fenced to existing Trent Force employees.

5.15 The business case for taking the service in house appears to be sound. However this needs to be tested and reviewed in the light of detailed discussions with East Staffs, which realistically can only be achieved after members have approved the overall strategy. The success of the transfer will hinge on taking the operation as a going concern. This principally means securing the services of key people who are presently engaged in the service. There is therefore an over-riding need to act quickly.

5.16 Therefore it is proposed that Members should approve the overall strategy for taking the service in-house. Delegated authority should be provided to the Director of Community Services such that subject to being presented to a business case with which both finance and personnel concur, the transfer can proceed.

6.0 Financial Implications

6.1 There are no direct cost consequences of adopting the vision principals for the repairs and maintenance service. However there may be significant cost implications associated with implementing fully the change process, following staff and Member consultation.

6.2 Failure to bring the gas servicing contract in-house will cost the Housing Revenue Account an additional estimated amount of between £50-70,000 per year.

7.0 Corporate Implications

7.1 Failure to address the known weaknesses in the repairs and maintenance service could lead to another critical inspection report and not assist the Council with its CPA preparations.

8.0 Community Implications

8.1 The delivery of a good, value for money repairs service to fundamental to the overall impact that housing as a service makes on the quality of life of its tenants.