

<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>CABINET</b></p> <p style="text-align: center;"><b>4 FEBRUARY 2019</b></p>	
<p style="text-align: center;"><b>DETAILS OF THE INTERIM HOUSING REPAIRS DELIVERY MODEL</b></p>	
<p><b>Report of the Cabinet Member for Housing: Councillor Lisa Homan</b></p>	
<p><b>Open report</b> A separate report on the exempt part of the Cabinet agenda provides exempt financial information.</p>	
<p><b>Classification - For Decision</b> <b>Key Decision: Yes</b></p>	
<p><b>Consultation:</b> Finance, Risk, Legal, Commercial, Business, IT, Equalities</p>	
<p><b>Wards Affected:</b> All</p>	
<p><b>Accountable Director:</b> Jo Rowlands, Strategic Director Growth and Place</p>	
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## 1. EXECUTIVE SUMMARY

- 1.1 The Cabinet Paper 'Mitie Partnership Progress Update' of 8<sup>th</sup> October 2018 approved the termination of the Council's Housing Repairs and Maintenance Contract with Mitie Property Services (UK) Limited in accordance with the terms of the contract for termination on 26 weeks' notice.
- 1.2 Notice was served to Mitie on 16<sup>th</sup> October 2018. A project is now underway to demobilise the Mitie contract and transition to a new repairs delivery model.
- 1.3 The Cabinet Paper also approved in principle the establishment of a Direct Labour Organisation (DLO) to take over some of the services currently carried out by Mitie, with a final decision to be taken through a subsequent Cabinet report. The Cabinet Paper featured a commitment to bring, in a future Cabinet

Paper, further details of the DLO and the wider repairs delivery model that will replace the Mitie contract. The purpose of this report is to provide the details of the DLO and new repairs model.

- 1.4 This report discusses the *interim* delivery model for repairs that will be in place from 17<sup>th</sup> April 2019 to early 2020 (12-15 months). The expectation is that the long-term solution will closely follow the transition arrangements but will be informed by lessons learnt over the next 12-15 months of operating the post Mitie service.
- 1.5 The interim model may not be the long-term solution. However, it has been developed to minimise the risks on transfer and to respond to what has been identified as weaknesses in the way repairs have been delivered through Mitie. The interim model is expected to deliver two quick wins from April 17<sup>th</sup>:
  - visible presence of liveried operatives on estates, addressing long standing issues
  - marked improvement in quality of customer service from Call Centre staff

## **2. RECOMMENDATIONS**

- 2.1 To approve in principle the details of the DLO and interim repairs delivery model that will be in place from 17<sup>th</sup> April 2019. A further report will come to Cabinet in March to confirm the financial implications and request budget approval.
- 2.2 To note that there are further recommendations on the exempt report.

## **3. REASONS FOR DECISION**

- 3.1 The Cabinet Paper of 8<sup>th</sup> October (that terminated the Mitie contract), featured a commitment to bring, in a future Cabinet Paper, further details of the DLO and the wider repairs delivery model that will replace the Mitie contract.
- 3.2 Further information is set out in the exempt report on the exempt Cabinet agenda.

## **4 ISSUES**

Further information is set out in the exempt report on the exempt Cabinet agenda.

### **4.1 The Outline Repairs Solution**

- 4.2 The Cabinet Paper of 8<sup>th</sup> October described how the current repairs service is not meeting the Council's objectives, and how the Council needs more flexibility in how it manages its housing assets to deliver a higher level of resident satisfaction in its repairs service.

- 4.3 The Cabinet Paper of 8<sup>th</sup> October also described how the current service does not maximise social value in Hammersmith and Fulham or provide enough opportunities for local SMEs.
- 4.4 An operating solution for the interim repairs model is described in this paper, along with provisional costs (based on the current information available to the Council). It is built around a detailed analysis of the Mitie service history, feedback from residents and other stakeholders, other landlord experiences of repairs, and the characteristics of the borough.
- 4.5 In essence, the interim operating model will be based on:

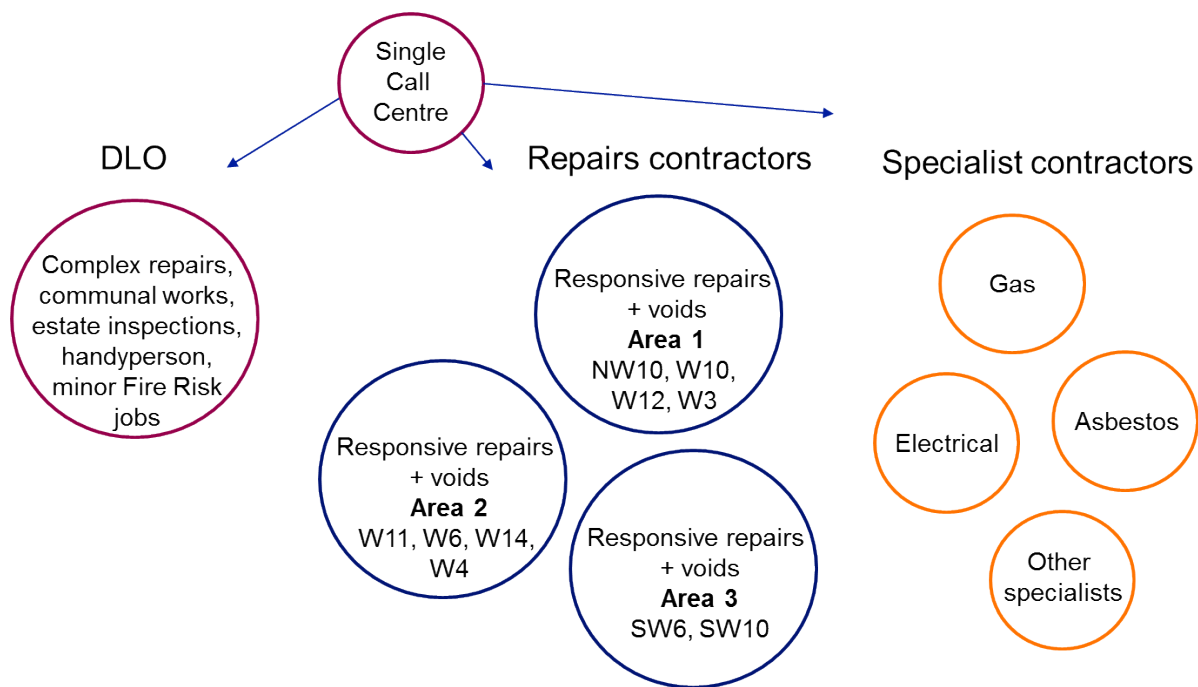
- A single, in-house, repairs call centre that will take calls and allocate them to the DLO and all contractors. This is critical to ensuring that the repairs service can function on day one post Mitie. The transition will involve a short period of dual running to ensure that the new service is ready to go from the cutover date. There will be a major and ongoing focus on training and instilling a customer service ethos in the call centre staff, many of whom will TUPE over from the Mitie Call Centre. Engagement with residents, tenants and leaseholders has confirmed that this is a priority for our customers.

The initial projected cost of the repairs call centre staffing and operating costs will be c£1.2m. This includes the annual software and licensing costs for the NetCall system (£106k) as well as the saving from the termination of the 'Rant and Rave' product (£100k). The latter action reflects resident feedback. Officers are reviewing current call centre structures and resources. A further update will be provided through the appropriate governance channels (see Next Steps section 5).

There is an ambition, in the medium term, to establish a joint housing and repairs Customer Service Centre (CSC). This will create a more joined up housing and repairs service and as an operating model is in line with most other London Boroughs. However, extending the call centre to cover housing is dependent on available budgets and will be subject to a separate budgeting and governance process.

- Three external contractors who will undertake general day-to-day repairs in geographically defined areas of Hammersmith and Fulham. The annual value of these works will total c£5.5m. The procurement process is underway with a closing date for tender returns of 31<sup>st</sup> December.
- The newly formed DLO which will focus on complex repairs (which are defined below), communal repairs, (a programme is being developed and will be completed by March 2019), handy person services, actions coming out of estate walkabouts, and minor Fire Risk Assessment (FRA) works. The annual value of these works is estimated to be c£4.5m. This estimate includes the staffing costs associated with the DLO.

- A range of specialist services and what are termed ‘out of scope’ works will be separately procured. This will mean that all services are delivered by expert rather than generic providers. These works fall into two categories: compliance related such as asbestos and gas and general repairs including voids and roofing. The total anticipated annual value of these works is c£8m. However, some of these works would be capitalised and some could be undertaken by the DLO (for example voids and aids and adaptations). These aspects will be contracted out flexibly to allow the DLO resources always to be fully engaged.



4.6 The logic for creating a DLO and the split of functions and organisation of works is discussed later in this report (section 4.34 and appendix B - *contained in the exempt report on the exempt Cabinet agenda*)

# Project at a glance

**3 x Repairs & Maintenance contractors** – one per region:  
 Area 1: NW10, W10, W12, W3  
 Area 2: W11, W6, W14, W4  
 Area 3: SW6, SW10

Will carry out responsive repairs recorded by the call centre e.g:

- Plumbing (leaks, blockages)
- Electrical (plugs, sockets, lights)
- Carpentry (doors, window)

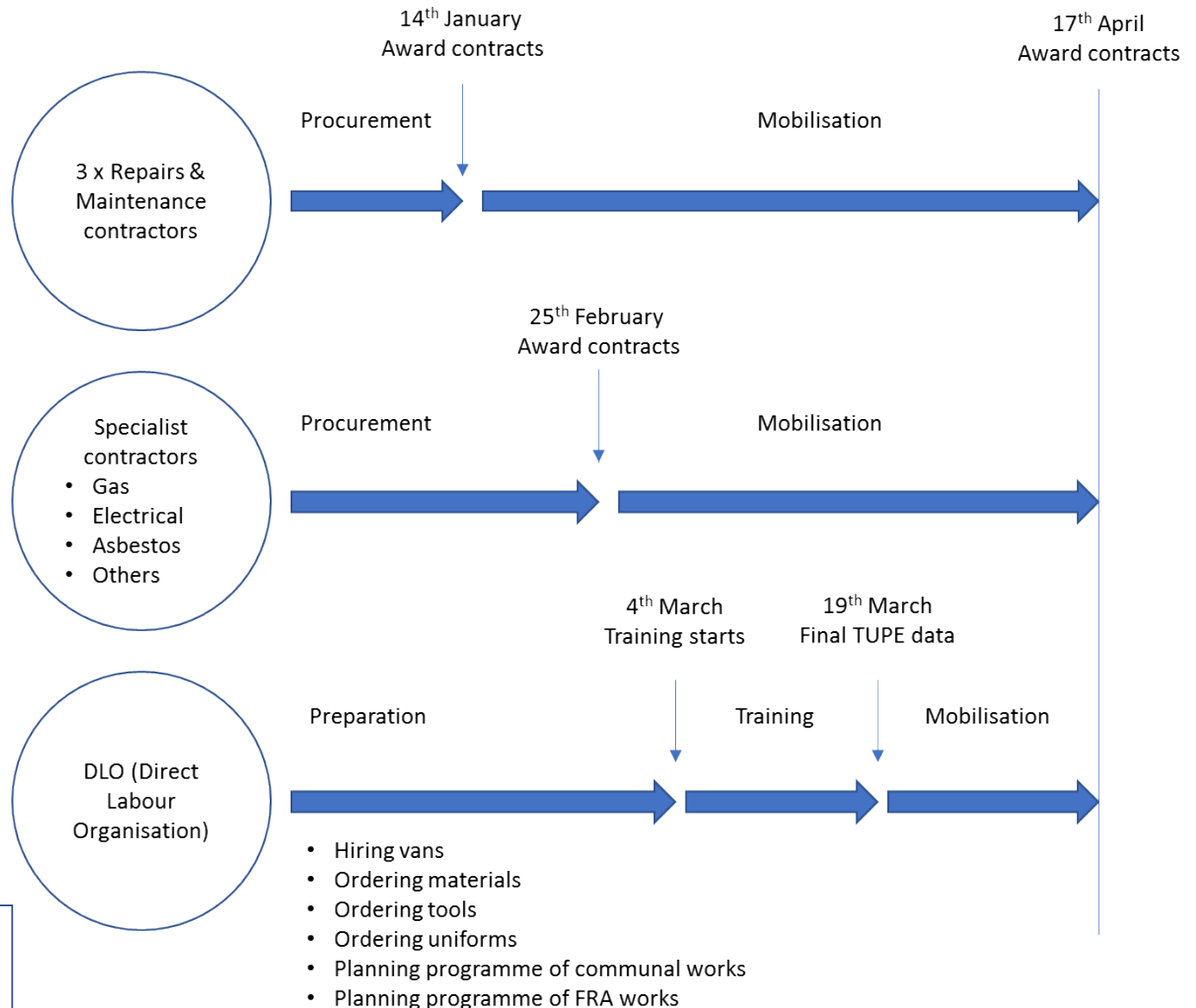
**Specialist contractors** will carry out

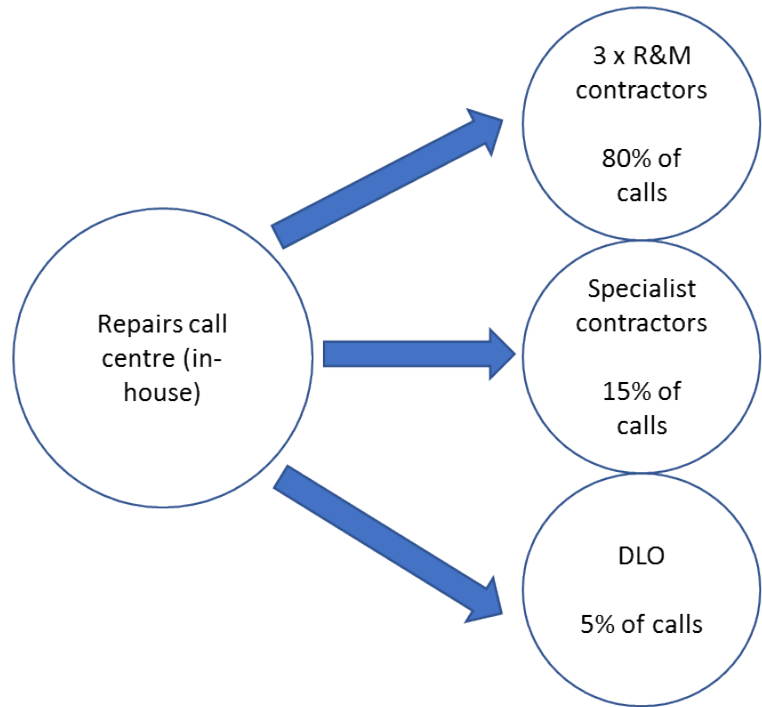
- Programme of gas and boiler inspections
- Programme of electrical inspections
- Asbestos removal works
- Drainage works
- Roofing
- Aids and Adaptations

**DLO** will carry out

- complex repair works
- communal works
- works arising from estate inspections
- works arising from Fire Risk Assessments

**Quick win:** visible presence of liveried operatives on estates from April 17<sup>th</sup>, addressing long standing issues





Vast majority of calls to the Call Centre will be addressed by the three Repairs and Maintenance contractors. In most instances when a resident calls the call centre, they will subsequently receive a visit from a contractor's operative, not a DLO operative.

The DLO is not set up to deal with reactive repairs but will instead carry out works identified through more planned, deliberative processes such as estates inspections, analysis of Fire Risk Assessments, and analysis of multi-visit repairs. Residents will encounter DLO operatives doing communal and estates works, Fire Safety works, and the more complex repairs.

17<sup>th</sup> April  
Award contracts

**Quick win:** marked improvement in quality of customer service from Call Centre staff, from April 17<sup>th</sup>



- Identifying how many staff from Mitie call centre will TUPE to the Council
- Recruiting additional call centre staff to ensure additional capacity in first months (possible repairs backlog)
- Process mapping and procedure writing
- Customer standards drawn up with resident forums

4.7 Moving from a single large provider to a much wider mix of contractors, inherently provides more opportunity for local SMEs to bid for contracts. Many of the specialist contracts will be of a size that will be within the capacity of local SMEs to deliver. A 'meet the supplier' event was held on 20<sup>th</sup> November to enable firms to ask questions ahead of the tender for the responsive repairs contracts. Steps were taken to ensure that the invitation reached local firms.

#### **4.8 The Resident Perspective – Feedback from Resident Engagement**

4.9 A number of workshops and focus groups have been held to draw out resident views about the repairs service. There have been three public engagement sessions in locations providing good coverage across the borough:

- 29th October – White City
- 31st October – Town Hall
- 7th November – Fulham

There have also been presentations and discussions at resident-led service improvement panels in early November: Sheltered Forum, Estates Services Working Group, and Repairs Working Group. These public and representative meetings reached around 100 residents.

4.10 In addition consultation has been carried out through the following means:

- Eform on the Council's website asking questions about the changes to the Repairs service.
- Freetext box on the Council's website for feedback on the changes to the Repairs services.
- Email submissions to project team inbox from members of public.

4.11 The focus of these discussions with resident groups and service improvement groups has been on the development of the long-term model. Nevertheless, much of what has been consistently raised is reflected in how the interim solution is being structured. For example:

- the failure to follow up agreed actions from estate walkabouts
- the failure to follow up formal complaints and feedback from tenants and leaseholders
- a lack of care and attention around communal areas
- repairs which are not resolved first time and become ongoing and unresolved - these have been termed 'complex repairs' in this report
- the need for more urgent action to tackle FRA works
- the requirement for more expert and specialist contractors in areas such as gas

- residents are more concerned about the failure to turn up for scheduled appointments than whether or not the visit happens within the current three-day target
- there is a wish for more post inspections. This is clearly the product of a general dissatisfaction with the quality of repairs
- there is strong desire for a better customer experience from the reporting through to completion

4.12 The interim model attempts to address all of these issues. However, the changes are being organised in extremely tight timescales. This creates obvious operational challenges but the overriding objectives remain clear. The long-term ambition is to build a customer focused service offering high levels of expertise and delivering excellent value for money.

4.13 For a summary of the key themes from resident engagement – see section 6 below.

#### **4.14 Training**

4.15 To ensure the new repairs service starts positively and improvement is seen by both the workforce and residents, an extensive training and induction programme is being developed. This will cover all DLO and call centre/back office transferees and new staff as well as existing LBHF staff whose roles are impacted on by the service changes. In addition, it is proposed to offer appropriate elements of the programme to the new contractors so that a common customer focused message is being applied Borough wide. This will supplement the training initiatives these organisations will already have in place.

4.16 Priorities within the programme will include: customer service, systems use, risk assessments and health and safety, operating processes and procedures, and LBHF values. The intention is to start the programme before transfer over a one/two-day induction which will take place largely off site. At the same time, a full skills analysis will be undertaken to identify any knowledge or expertise gaps. This will allow ongoing bespoke programmes to be prepared.

4.17 A clear objective will be to make the people delivering the service feel valued, committed to their customers and encouraged to go the extra mile. These operating characteristics will be influenced by more than training but the process of induction offers an important starting point.

4.18 A budget for training totalling £100k will be brought for Cabinet approval in a future Cabinet paper.

#### **4.19 The Customer Interface – The Customer Service Centre (CSC)**



- 4.20 The first point of contact for the customer on repairs has been the Mitie call centre, based in the Town Hall Extension, using a widely circulated freephone number. Going forward this function will be directly provided by the Council.
- The freephone number will be retained (novated) to ensure consistency for residents.
  - Phone line capacity for the Town Hall has been extended to receive c. 250,000 calls.
  - Equipment for call centre staff has been ordered through the TechTonic project.
- 4.21 There will be heavy investment in ongoing training for new and existing staff, a focus on strong performance management with a culture of customer service excellence to ensure that staff have the correct behaviours and attitudes to provide a responsive service to residents.
- 4.22 The call centre will co-locate the repairs specialists and work schedulers. Contractors will also be encouraged, subject to agreements around operating protocols, to locate with the call centre. Repairs call handlers will be specialist and expert in dealing with requests for works by tenants. Improving the customer experience at the first point of contact is a priority.
- 4.23 There will initially be 28 seats for repairs in the call centre. However, to drive a better customer experience there may need to be more resources built into the future operation. This is under review. A significant commitment is being made to ensure that the service is smoothly transferred from Mitie and properly resourced to deliver improvements in call handling.
- 4.24 The longer term objective is to provide an integrated housing and repairs call centre which while still employing specialist repairs staff will also include housing call handlers covering the Council's housing teams (for example, Housing Management, Housing Solutions). This will then give residents a single, joined up first point of contact.
- 4.25 Systems and IT Infrastructure**
- 4.26 Two primary software packages are required to deliver the new solution. NetCall, the software that enables us to manage inbound calls to the contact centre and Northgate (aka I-world) which will enable us to log repairs and offer appointments. Both products are already in use within the Borough and significant officer and consultant effort is being deployed to expand functionality and capacity. The deployment of additional software packages and a significant amount of training are also required to enable LBHF officers to operate on a day to day basis and this is currently being planned for February 2019.
- 4.27 The transfer of data from Mitie (and 3rd party) systems is a critical and difficult task. A strategic solution has been designed by LBHF corporate IT using a data warehouse and an appropriate file sharing mechanism for example a File Transfer Protocol (FTP) site. Detailed data requirements have been sent to Mitie and we are seeking clarity on any technical issues by mid-January.

- 4.28 The capacity of the telephony infrastructure is being evaluated. It is believed that current capacity in the Town Hall Extension will be sufficient to operate the CSC temporarily. However, more detailed investigatory work is required to confirm the capacity of temporary offices.
- 4.29 The CSC and IT work streams are currently working closely with the corporate IT programme (Tech-tonic) and the West King Street Regeneration (decant) programmes to identify and specify requirements for TUPE transferring staff and new DLO staff. Analysis of the number of hardware packs and physical desks required to accommodate personnel in the new solution is on-going.
- 4.30 The project is being well supported by a wide range of corporate IT and telephony experts. It is imperative that these resources remain in place during the remainder for the 26-week demobilisation.

#### **4.31 The Direct Labour Organisation (DLO)**

- 4.32 The outline DLO structure is attached at Appendix A. It has been developed around the scope of works to be undertaken during the interim period. Guiding principles for the resourcing levels include industry recognised ratios of supervisors to operatives and schedulers to operatives. Typically these are 1 to 8/10. The ratios and roles build on the evolving DLO business rules and operating processes.
- 4.33 The number of operatives and supervisors recognise the transferring Mitie workforce, existing LBHF handy-persons and the required recruitment to fill any trade gaps. Fine tuning in the operative and supervisory numbers, as well as the split in trades, will occur as the structure is reviewed and refined.
- 4.34 DLO Work Streams: three priority work streams have been identified for the DLO – communal areas, complex jobs and minor FRA works. These reflect early resident feedback and are the most consistent points of concern. This is not just true in LBHF and finding a better way of dealing with these issues is critical to changing resident perceptions of their housing service. Focusing on these areas are also ‘technology and infrastructure light’ which makes it easier to set up the DLO in short timescales.

- Communal areas:

A costed programme of improvements to communal areas is being developed. This will take place over a period of years and will ensure that the works can always fit the budget. If more funds are available the programme can be advanced and if funds reduce then the programme can be drawn out. Scoping a communal improvement programme across the Council’s estates before the transition is, therefore, an imperative. Projects can then be organised in line with budgets.

The major advantage of this approach is that works can be publicised to residents in advance and the team will be on site until the improvements are

completed. This work will be highly visible and should be viewed by residents as a positive response to their feedback and concerns.

- **Complex repairs:**

The service requests that fall into this work stream are by definition not consistent. The type of works included will vary from jobs which need many visits to resolve and invariably require a mixed trades team. In total the value of this work stream is projected to be around £2m.

- **Fire Safety Works – minor FRA works:**

The council has completed a borough wide fire safety programme. An embryonic team is in place and the creation of a DLO will allow the programme to be driven faster. The creation of a DLO offers an opportunity to build a dedicated, ring-fenced, expert fire safety works team that can target this type of work. The value of the programme is estimated to be c£20m over the next three to five years – this includes future fire risk assessment works and both handy person type repairs and more complex works. The DLO related element is predicted to be c£1m a year, will interlink with the wider fire safety programme, overseen by property and compliance.

4.35 The above will mean a £4m to £4.5m annual turnover business.

4.36 The cost of the DLO structure will be recovered from the identified budgets. The structural proposals are based on the current set of assumptions. These will change as the structure develops and becomes fully operational. In the medium to long term the structure must be affordable. However, in the short term - the transition phase - the expectation is that there may be some over resourcing to ensure that the risks post Mitie are minimised. For example, in running the call centre and clienting the contractors.

4.37 These extra costs will cover the start-up and transition period assumptions around structure, management and resources, support functions and work volumes. They will be continually revisited. Indeed, over a relatively short period we will expect to identify savings in operating costs alongside improvements in productivity.

4.38 During the transition to the new model and set up of the DLO the aim is to minimise new investment in the logistical infrastructure – depot, vehicles, etc. There will not, therefore, be a local depot on handover. This may change based on how the delivery solution evolves but for now, and in common with many DLOs and private sector contractors, there will be no depot. Similarly, we do not expect every operative to have a vehicle. This level of detail is still being worked on together with operational plans for estate lock ups, tools and materials.

#### **4.40 General Repairs Contractors**

4.41 There are a number of drivers behind the proposed organisation of day to day repairs and voids. These include:

- a desire to avoid an over reliance on one contractor
- the creation of local competition between contractors in terms of performance and quality, service improvement and innovation
- a wish to have a mix of contractors who are more local and can demonstrate a strong commitment to the Borough

4.42 The analysis splits the Borough into three geographic areas with roughly equal volumes/value of works.

- Area One: NW10, W12, W10 and W3
- Area Two: W11, W6, W4 and W14
- Area Three: SW6 and SW10

4.43 The new contractors are being procured on this basis. Contractors will be able to bid for all three areas but no-one will be able to win more than one. A map of the future geographic model with number of properties, work values, number of jobs, etc by area is included at Appendix C.

4.44 In this context, the general repairs contractors are being procured through the open procedure under the Public Procurement Regulations 2015. Timescales are tight and the target is to confirm the appointed contractors in the first week of January. This will give sufficient time for each contractor to mobilise prior to the Mitie contract close.

#### 4.45 Other Works

4.46 A number of other work streams were provisionally identified as outside the scope of the general contractors. They are currently being delivered through MITIE and their supply chain partners. We have considered the best fit in terms of future delivery options and procurement routes for these work areas during the interim arrangements. The outcome is summarised below:

To be outsourced and will be procured through appropriate frameworks	Gas, asbestos removal, electrical certification, asbestos surveys, door entry TV aerials, complex drainage works and major roofing works
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4.47 The intention is to award directly from existing frameworks where the specification meets needs or, if appropriate, through a mini competition off existing frameworks.

4.48 The above will sit alongside other specialist areas such as lifts, water, door entry systems, etc which have been recently procured or are also in a procurement process.

4.49 The overall value of these other works, previously undertaken by Mitie, in these different specialist areas is c£8m.

#### **4.50 The Client Function**

- 4.51 One of the recognised problems with the Mitie contract has been the absence of a strong client function. In the new arrangements this must be strengthened. It is also true that in building a multi layered contractor delivery model the client pressures may be greater. However, the proposed approach will help facilitate dedicated and expert management for each specialist area.
- 4.52 The client function will be spread between the Assistant Director Property & Compliance and Assistant Director Repairs as follows:
- Assistant Director Property and Compliance – gas, electrical, lifts, water, door entry, lighting, asbestos, fire safety, FRA assessment and programming, compliance related capital works projects and other specialist compliance based services.
  - Assistant Director Repairs – DLO, general day to day repairs, voids, roofing, kitchens and bathrooms, drainage, aids and adaptations and other specialist non-compliance based services
- 4.53 A strengthening of the client function is underway as part of the broader restructuring of Growth and Place.
- 4.54 The Assistant Director Repairs will be accountable for clienting the general external contractors. This will include non-compliance related specialist services such as roofing and drainage as well as the overall delivery of services by the DLO.
- 4.55 The problems around client responsibility and accountability that existed under the Mitie arrangement will not apply in the new structure. A rigorous performance framework will be established from the outset. This will embrace all contractors including the DLO. The lack of this type of working framework is the major reason why the Mitie contract has not been consistently and effectively monitored and cliented. Work is also underway on the detailed service design of the total operation from first customer contact to completion of the works.

#### **4.56 TUPE**

- 4.57 The changes to the housing and repair service will be covered under TUPE as a 'service provision change'. For TUPE to apply there must also be an 'organised grouping' of employees (Note: one person can be considered an organised grouping). The principle purpose of which is carrying out the relevant activities on behalf of the client – LBHF. We are, therefore, agreeing an 'in scope' list of roles that transfer back from Mitie.
- 4.58 Once the in-scope list has been finalised we can allocate specific roles to the appropriate entity in the new interim structure:

- either to the DLO or another re-tendered contractor
- consider if there are liabilities for redundancies
- advise on headcount to be recruited to supplement the TUPE employees in providing the service.

4.59 The in-scope list will also be used to assist the re-tendering process to new contractors. It will clearly show what the liabilities are in terms of headcount, terms and conditions and also LGPS (Local Government Pension Scheme) provisions which is required by bidders in order to be able to determine their liabilities and appropriately price their tenders. The TUPE transfer from Mitie to one of the other contractors is an arm's length process for the council. However, for the DLO, the TUPE process will be more detailed and require:

- the appointment of employee representatives
- consultation on the transfer and the model
- where possible, the harmonisation of terms and conditions
- validating employee data including checking right to work documents
- producing individual measures letters (similar to a contract of employment),
- ensure employees receive an appropriate induction, training and support during day 1, week 1 and months 1 to 3.

4.60 Additionally, as there will be a subsequent re-tender process in order to appoint more permanent contractors, the council maintains responsibility for facilitating the TUPE process at the appropriate time.

4.61 The Council has commissioned expert TUPE consultants to deliver the TUPE process for the Mitie demobilisation, and for the demobilisation of the Amey contract that is happening to a similar timeline.

## **Complaints**

4.62 Complaints linked to the Mitie contract are initially managed through their own team and then flow through the Council's complaints team. However, under the new contractual arrangement the LBHF complaints team will take full responsibility for co-ordinating and responding to complaints relating to work by contractors including the DLO.

4.63 The specifications for all of the new contracts will have clear deadlines that have to be followed in terms of providing information on complaints. The contractors will be monitored against their complaints performance and targets for reducing these will be set. This performance will be visible and widely publicised.

4.64 An important driver behind the new structure is reducing the likelihood of things going wrong and removing points of repairs conflict with residents. However, where complaints are made it will be important that responses are quick, accurate, well written and commit to resolve the problem.

## **4.65 Performance Monitoring**

4.66 A clear performance monitoring framework will be put in place from day one after the Mitie contract ends. This will be visible and will as appropriate compare different contractors and the DLOs performance. The performance targets will be included in the tender documents and will reflect resident and other stakeholder feedback. The outline performance framework is included as Appendix D.

## **5. NEXT STEPS**

5.1 This report sets out provisional costings based on current information available to the Council – for the DLO, contractors, and the call centre.

5.2 The next steps involve finalising the costs of the interim repairs model in order to put in place the necessary budgets, in line with Corporate Governance processes. The expected timeline for finalising costs is as follows:

### **5.3 Delivery Model**

- DLO costs – first week in February
- General repairs contractors – first week in February
- Specialist contractors – first week in February
- Call centre – last week of January

### **5.4 Associated costs**

- IT – first week of January
- TUPE – end of February

## **6 CONSULTATION**

6.1 Consultation has been carried out through the following means:

- Eform on the Council's website asking questions about the changes to the Repairs service (56 responses)
- Freetext box on the Council's website for feedback on the changes to the Repairs services.
- Email submissions to project team inbox from members of public.
- Three public engagement sessions: 29th October, 31st October and 7th November in locations providing good coverage across the borough.
- Discussions at resident-led service improvement panels in early November: Sheltered Forum, Estates Services Working Group, and Repairs Working Group. There were c.100 attendees at these meetings.

6.2 The following key themes emerged from the consultation activities:

<b>Feedback</b>	<b>Intended response</b>
<p>Theme 1 – Resident experience reporting a repair to the call centre</p> <ul style="list-style-type: none"> <li>• Repair call centre has long waiting times</li> <li>• Staff attitude, poor customer services, not listening, lack empathy</li> <li>• Repair call centre staff to have better knowledge of estates across the borough</li> <li>• Repair call centre staff to be trained properly on diagnosing repairs</li> <li>• Technical surveyors to be in the repair call centre to deal with complex repairs</li> </ul>	<ul style="list-style-type: none"> <li>• Repair call centre staff will undergo customer services and repairs training, followed by ongoing call quality monitoring</li> <li>• Duty Surveyors will be based in the repair call centre to assist with complex repairs</li> <li>• We are looking at the staffing structure of the repair call centre to find ways to reduce longer waiting times during busy periods</li> </ul>
<p>Theme 2 - Resident experience of repair appointments</p> <ul style="list-style-type: none"> <li>• Repair appointment slots should be 2 to 4 hours slots</li> <li>• Appointment reminders should be sent to residents by telephone/text messages</li> <li>• All day appointments should be for external, Health &amp; Safety compliance works.</li> <li>• Repair appointments need to be more flexible based around residents needs</li> <li>• Residents should not have to chase up follow repair works</li> </ul>	<ul style="list-style-type: none"> <li>• Require contractors to define their appointment slots in their tenders and evaluate them accordingly</li> <li>• Explore with contractors the possibility of appointment reminders and enabling operatives to book follow up whilst on residents' property</li> </ul>
<p>Theme 3 - Resident experience of repair works</p> <ul style="list-style-type: none"> <li>• Operatives do not leave calling card if residents are not at home</li> </ul>	<ul style="list-style-type: none"> <li>• Through our commissioning of new contractors, we will review: <ul style="list-style-type: none"> <li>○ the no access process including calling cards</li> <li>○ what materials we need to keep in the vans</li> </ul> </li> </ul>



<ul style="list-style-type: none"> <li>• Operatives don't have the right materials or tools to complete repair Right First Time</li> <li>• Workmanship is not of good quality</li> <li>• Operatives don't clean up their mess after repair has been completed</li> <li>• Operatives give poor customer service</li> </ul>	<ul style="list-style-type: none"> <li>○ processes for quality checking of workmanship</li> <li>○ the possibility of operatives covering specific areas of the borough on specific days</li> <li>○ customer services training for operatives</li> <li>• Operatives will follow code of conduct for completing repairs</li> </ul>
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## 7. EQUALITY IMPLICATIONS

- 7.1 The report makes proposals for an interim repairs delivery model. An equality impact assessment accompanies the report and highlights potential adverse impact on some groups of people with protected characteristics affected by the interim changes particularly people who are elderly, pregnant and/or disabled. It also highlights the groups of people with protected characteristics who presently receive services picking up on race and faith protected characteristics. The assessment draws on consultation and demographic and service information. Mitigating actions are set out to address any potential adverse impact identified.
- 7.2 Equality implications completed by Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.

## 8. LEGAL IMPLICATIONS

Further information is set out in the exempt report on the exempt Cabinet agenda.

- 8.1 This report is seeking approval for the detailed plans to set up a DLO to run alongside three external contractors and other trades specialists to replace the work currently done by Mitie. This is pursuant to a commitment in an earlier report.
- 8.2 Legal Implications prepared by Deborah Down, Senior Associate with Sharpe Pritchard Solicitors, on secondment to the Council, [dtdown@sharpepritchard.co.uk](mailto:dtdown@sharpepritchard.co.uk)

## 9. FINANCIAL IMPLICATIONS

Further information is set out in the exempt report on the exempt Cabinet agenda.

- 9.1 The purpose of this report is to approve the interim repairs delivery model that will be in place from 17<sup>th</sup> April 2019. This report is not intended to approve budgets for the DLO and the interim repairs delivery model. This is because structures, tender submissions and other cost matters and disaggregation of the MITIE contract and budgets will be finalised over the coming weeks. At this stage the intention is that the new repairs delivery model will be funded from existing approved budgets. Section 5 of this report sets out more detail on the next steps involved in finalising the costs of the interim repairs model. Finance officers will work closely with the service in achieving this in the coming weeks. This will be followed by a further report to Cabinet which will set out the anticipated costs and requests for budget approval.
- 9.2 The annual revenue budget within the Housing Revenue Account for the Housing Repairs division is currently £15.6m. The 2019/20 HRA budget is currently being prepared and will be formally approved by Cabinet on 4 February 2019. It is anticipated that the revenue budgets for Housing Repairs in 2019/20 will be maintained at a similar level as currently existing for 2018/19.
- 9.3 The current capital budget for capitalised repairs approved at Cabinet as part of quarterly capital monitoring on 8 October is £1.961m for 2018/19 and £2.039m for 2019/20. The budget for Fire Safety Plus is £2m for 2018/19 and £10m for 2019/20. The capital budget is scheduled to be considered for revision at Cabinet on 14 January 2019 as part of quarterly capital monitoring and again on 4 February 2019 as part of the annual budget setting process.
- 9.4 The costs arising from the interim repairs delivery model, when confirmed, will need to be funded from the approved revenue budgets within the Housing Repairs division of the Housing Revenue Account and from the existing capital budgets within the Decent Neighbourhoods capital programme and Fire Safety Plus for 2018/19 and 2019/20. Any additional costs will be subject to an approval for growth in line with the Financial Regulations and Council Constitution.
- 9.5 Section 4.5 of this report sets out provisional annual costings of £19.2m in total for the DLO and the interim repairs delivery model. The provisional estimates are as follows:
- |   |               |
|---|---------------|
| • Customer Service Centre (repairs element) | £1.2m         |
| • General Repairs                           | £5.5m         |
| • Complex repairs                           | £4.5m         |
| • Specialist repairs                        | £8.0m         |
|   | <b>£19.2m</b> |
- 9.6 These costs will be mainly revenue in nature but will also include some capitalisable costs. Any requirement to undertake works outside of the current budget envelope will require further decision reports. These costings are estimates only and are subject to further work over the coming weeks to determine final structures and tender prices.

- 9.11 The plans set out in this report are not expected to adversely impact on the current projected level of HRA cashable reserves which before any appropriation or transfer to the reserve for the 2018/19 financial year outturn, is forecast to be £40.1m. The plans in this report are also not expected to adversely impact on the level of debt in the HRA as measured by the HRA Capital Finance Requirement (CFR), as the Capital Programme Monitor & Budget Variations, 2018/19 (First Quarter) report that went to Cabinet on 8 October 2018 sets out that the CFR is forecast to be within prudential borrowing limits.
- 9.12 Financial implications completed by Danny Rochford, Head of Finance for Growth & Place, tel. 0208 753 4023.

Financial Implications verified by Emily Hill, Assistant Director, Corporate Finance, tel. 020 8753 3145.

## **10. IMPLICATIONS FOR BUSINESS**

- 10.1 There is scope to create opportunities for local SMEs and suitable contractors to bid for work as part of the new model. Collaboration with the Council's Local Procurement Initiative has already started and aims to identify and engage suitable local businesses.
- 10.2 Business implications completed by Albena Karameros, Economic Development Team, 07739 316 957.

## **11. COMMERCIAL IMPLICATIONS**

- 11.1 As set out in the exempt report on the exempt Cabinet agenda.

## **12 IT IMPLICATIONS**

Further information is set out in the exempt report on the exempt Cabinet agenda.

- 12.1 The council is currently delivering a new desktop strategy (Tech-tonic) to provide laptops and smartphones for officers. TUPEd Mitie staff and new staff for Call Centre and DLO will require the same IT solutions as existing council officers and the Tech-tonic programme will coordinate the migration of staff with the service.
- 12.4 Information governance requirements around data protection and GDPR needs to be assessed now as part of the transition planning. A Privacy Impact Assessment will be needed for the new service. Additionally, Information

Sharing Agreements are needed with new suppliers, and a supplier checklist which confirms how suppliers connect to our network. The council's Information Management Team can advise on what's needed. Supporting documentation is also available on our Intranet.

- 12.5 IT implications completed by Veronica Barella, Chief Information Officer, tel. 020 8753 2927.

### **13 RISK MANAGEMENT**

Further information is set out in the exempt report on the exempt Cabinet agenda.

- 13.1 The Council requires a repairs service which meets its objectives, which provides flexibility in how it manages its housing asset to deliver a higher level of resident satisfaction in its repairs service, which ensures compliance with all statutory health and safety requirements and which delivers on a range of other policies including social value and use of local suppliers. In line with the ruthlessly financially efficient priority, the Council also needs to demonstrate that the repairs service demonstrates and delivers value for money in managing and maintaining its housing stock to an appropriate standard.
- 13.3 It is essential that appropriate project management resource and governance arrangements are put in place and that the project risks are reviewed and managed by the Repairs Project Governance Board. The project risk register needs to include key interdependencies with other change programmes taking place across the Councils during the notice and transition period, including but not limited to the West King Street regeneration/Town Hall Decant programme and the Desktop Strategy programme, and the mitigations which need to be put in place to minimise impact on meeting the objectives of this and other programmes.
- 13.4 The Repairs Project Governance Board should regularly review Mitie's performance during the remaining contract period to enable decisions regarding early withdrawal of services, due to poor performance, to be considered in line with the legal comments provided for this report.
- 13.5 Repairs Project Governance will need to ensure that the termination process is progressed in line with the legal advice provided for the termination decision. Officers will provide further procurement strategy and contract award reports for approval by Members so that new contracts are procured in line with the Public Contracts Regulations (PCR) 2015 and with the Council's Contracts Standing Orders. These actions will mitigate the risk of contract/procurement challenge.

- 13.6 Further reports to Members will need to set out the risks and opportunities (financial and non-financial) with the proposed operating model once costs and structures have been finalised, both for the transition period and beyond, and the governance and legal framework within which the DLO will operate.
- 13.7 Risk management implications completed by David Hughes, Director of Audit, Fraud, Risk and Insurance, Tel: 020 7361 2389.

## **14 BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

Cabinet Paper (8<sup>th</sup> October 2018) 'Mitie Partnership Progress Update' – *published*

### **LIST OF APPENDICES**

**Appendix A – DLO structure**

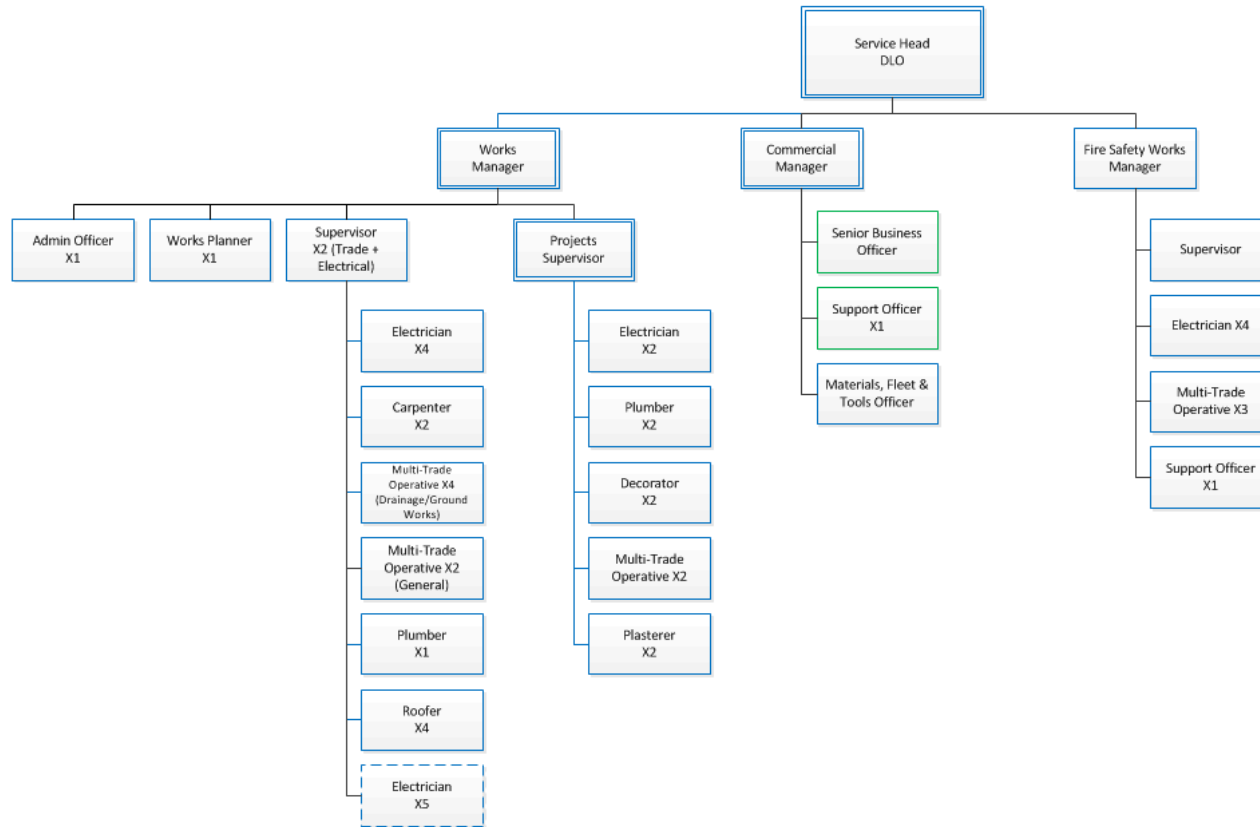
**Appendix B – DLO design details** - (*contained in the exempt report on the exempt Cabinet agenda*)

**Appendix C – Contractor map**

**Appendix D – Draft Key Performance Indicators**

**Appendix E – Risk Log** - (*contained in the exempt report on the exempt Cabinet agenda*)

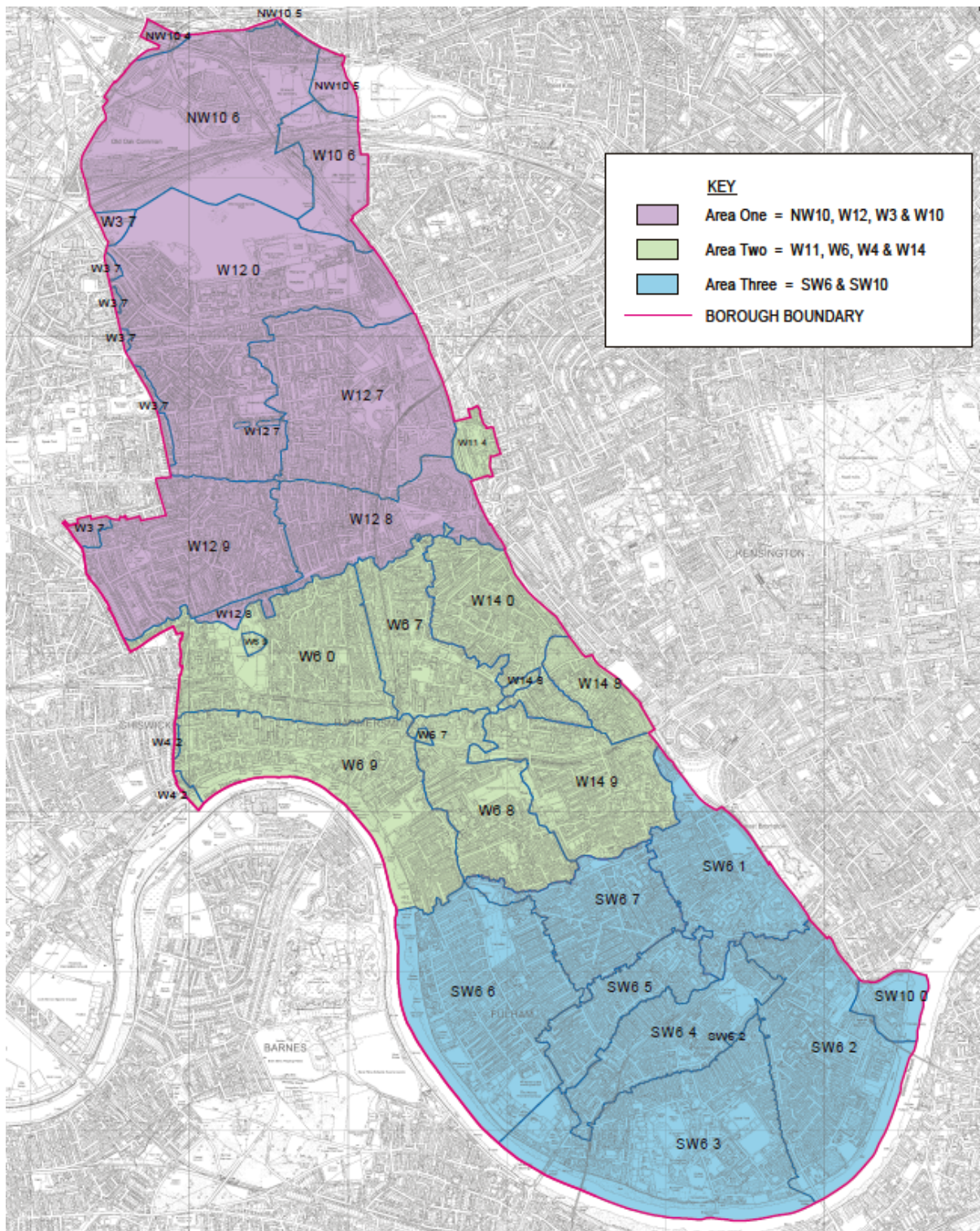
## Appendix A - Proposed DLO Structure



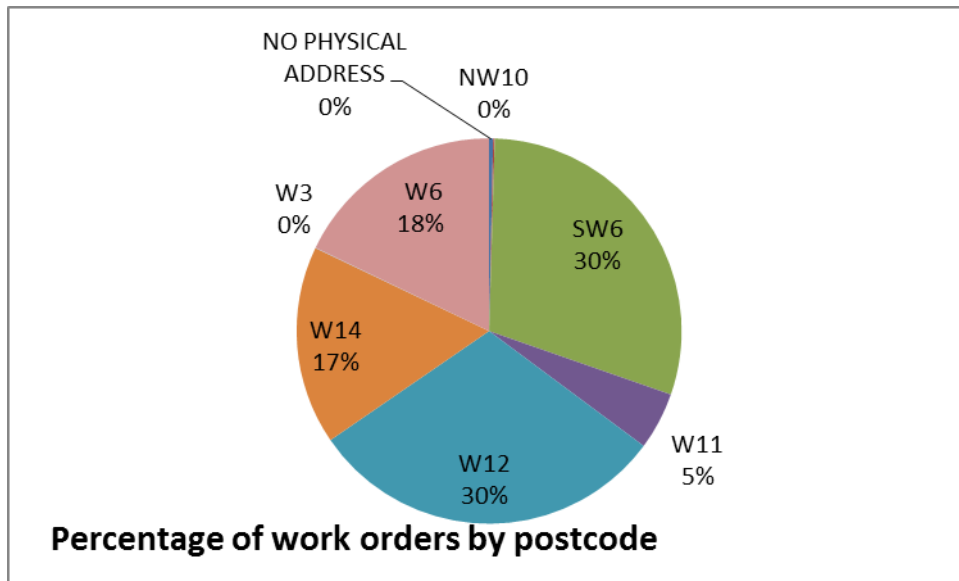
### Key



## Appendix C – Contractor map



## All work requests by postcode



This table includes all responsive work orders, specialist and works to empty properties.

Postcode	Count of jobs	Sum of current value	Average of value
W3	30	£24,428	£814
W6	15,728	£1,603,952	£102
NW10	118	£7,377	£63
SW6	26,286	£2,603,002	£99
W11	4,244	£482,820	£114
W12	26,627	£2,229,032	£84
W14	14,667	£1,366,523	£93
<b>Total</b>	<b>87,700</b>	<b>£8,317,134</b>	<b>£95</b>

The average jobs value is artificially low as there are a number of jobs in the system that has a zero-value including approximately 30,000 plus gas works orders.



## Appendix D – Draft Performance Indicators for interim model

We will work with successful bidders and the internal workforce during the mobilisation period to agree performance measures for the service. We have carried out an exercise to identify current measures and levels of performance from the existing contract. As part of the tender process Service providers have been invited to propose an indicative target. These will be judged against existing performance out turns. We will be working closely with IT to explore if existing systems have the capability to capture the required data and where required configure systems accordingly.

No	Performance area	Indicator	Note	Performance target
1	Customer satisfaction	Tenant recommendation of the repair service	Measured as a percentage of respondents who say they would be likely to recommend the repairs service to other H&F residents. During the consultation with residents groups over 90% indicated they were not likely to recommend the service.	TBC with Service Provider Indicative measure 50% due to low starting point
		Number of complaints reported	Measured as a percentage of orders raised. Formal and informal complaints reported and upheld.	TBC with Service Provider. Indicative measure 3%
		Jobs cancelled in the period: - No access - No work required - Customer damage / neglect	Number of jobs cancelled by reason. Commitments made are fulfilled whenever possible	TBC with Service Provider
2	Customer journey	Appointment slots available/day	Appointment slots available in line with demand for service	TBC with Service Provider
		Percentage of appointments kept (by the contractor)	Arrival at the property is within the appointment window. Percentage of repairs for which an appointment is made and kept.	TBC with Service Provider Indicative measure 98%
		Reported jobs with an appointment	Of jobs given to service provider how many were allocated an appointment. We will be proposing to appoint more jobs than under existing arrangements so residents have an increased awareness of when to expect the work	TBC with Service Provider
		Number of missed appointments in the month by reason	Categories for reasons for missed appointment to be agreed in mobilisation.	TBC with Service Provider

		First time fix. Percentage of jobs completed first visit	Refers to jobs that are of a nature that can be completed in a single visit. Visit to merchants for non van stock material is acceptable providing it does not lead to a follow up visit on a subsequent day	TBC with Service Provider
<b>3</b>				
	Managing the work volumes	Number of operatives assigned to contract	To identify if this measure would be different for those assigned to responsive repairs or voids element	TBC with service Provider
		Number of jobs completed per operative/ day by priority	Average number of jobs by priority completed by each operative	TBC with service Provider
		Work volumes	Number of new jobs raised in the period; number of jobs completed in the period;	To be agreed. Direction of travel should not be negative
		Open jobs	Number of jobs open past their maximum number of day by category	TBC with service provider
		Emergency priority jobs completed within timescale	Emergency jobs made safe.	99%
		Attending all non-emergency jobs	Percentage of jobs completed within their maximum number of days category. Excludes emergencies	TBC with service provider Indicative measure 95%
		Average time to complete repairs by category	Average number of days complete a works request by each category.	TBC with service provider
		Number of jobs that have required a recall	Number of jobs that are raised that month because the initial works did not resolve the issue or quality issues with works.	TBC with service provider
<b>4</b>	<b>Voids</b>			
		Voids returned within target	Percentage of voids returned as completed and which pass the post-inspection within the agreed repair timeframe	97%
		Number of voids outstanding	Numbers of voids that have passed their expected return date.	TBC with service provider