


<p align="center"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p align="center"><b>The Economy Housing and the Arts Policy and Accountability Committee</b></p> <p align="center"><b>01 October 2019</b></p>	
<p align="center"><b>A LONG-TERM REPAIRS AND MAINTENANCE MODEL FOR HAMMERSMITH AND FULHAM</b></p>	
<p><b>Report: Open</b></p>	
<p><b>Classification:</b> For discussion. <b>Key decision:</b> No</p>	
<p><b>Wards Affected: All</b></p>	
<p><b>Accountable Director:</b> Jo Rowlands – Strategic Director for The Economy</p>	
<p><b>Report Author:</b> David McNulty Assistant Director, Operations</p>	<p><b>Contact Details:</b> Tel: 07867 160527 E-mail: david.mcnulty@lbhf.gov.uk</p>

**This report along with the exempt Procurement Strategy and associated recommendations will be considered by Cabinet at its meeting on the 7 October 2019.**

## 1. EXECUTIVE SUMMARY

- 1.1 The Council has made significant progress in transforming its housing repairs since the launch of the new repairs model in April 2019. This model is made up of H&F Maintenance which undertakes communal repairs, supported a dedicated in-house Customer Service Centre, three general repairs providers based in the north, centre and south of the borough and specialist providers (for gas, electric and asbestos) across the borough.
- 1.2 These major changes have successfully operated since April 2019. The Council has maximised the opportunity to improve the quality of the service and confidence of residents in the delivery of repairs services. The implemented model has provided insight and learning from the six-months of operation to refine the model and base the long-term procurement.
- 1.3 This report sets out the framework and timetable for the procurement, implementation and mobilisation of the long-term model for repairs and maintenance service. A procurement strategy will be considered by cabinet 07 October 2019.
- 1.4 The proposed repairs and maintenance model is made-up of a number of interconnected services. This report sets out how the in house and externally delivered contracts will continue to be developed and improved.

## 2. RECOMMENDATIONS

- 2.1 **That the Economy, Housing and the Arts Policy & Accountability Committee note the report and provide comments to Cabinet as appropriate.**

## 3. Strategic context – investing in our assets

- 3.1 A series of reports presented to Cabinet over the course of 2019 that collectively form our overall programme to invest in and improve resident homes, our asset base and quality of housing stock and provision. These are:
  - **Details of the interim housing repairs delivery model (February 2019)** set out our ambition and plan to establish an interim repairs model that would enable the Council to improve service delivery to residents and gather insight and learning from operational delivery of the new model to inform the procurement of the model over the medium term.
  - **Costs of the interim housing repairs model (March 2019)** set out our plans for how the interim model would be funded and budgeted, putting in place the appropriate contract and budget arrangements to give the Council 12 plus 3 months to achieve the goals outlined in the February Cabinet report.

- **Asset Management and Compliance Strategy and Capital Programme (July 2019)** set out our 4-year asset improvement plan for improvement out asset base, with a focus on safety and improvement works delivering the Council's Fire Safety Plus programme.

### **Our vision for Repairs and Maintenance services**

3.2 Our repairs and maintenance service provide critically needed and valued services to residents. It sits at the heart of our approach to maintaining and improving housing quality, and the Council has a duty to ensure residents are safe and enjoy a good standard of living.

3.3 The Hammersmith and Fulham Business Plan represents the Council's offer to its residents and communities for the administration and has guided the Council's strategy and vision for repairs and maintenance services. The proposals outlined in this report align with our core principles as follows:

- **Building Shared Prosperity:** Designing and delivering a high-quality, responsive and value for money repairs and maintenance service will ensure that the Council's assets are invested in and maintained. Good quality provision of repairs services will ensure residents feel confident and supported. We will maximise the financial and social return on investment of the model by incentivising providers to put forward proposals that deliver against our key social outcomes, maximising local employment, creating opportunities for local businesses to deliver repairs services and identifying apprenticeship opportunities.
- **Creating a compassionate Council:** Residents rightfully expect to live in high-quality, well-maintained accommodation. The Council's commitment to establishing a high-quality safe repairs and maintenance service is an important way of ensuring this. When something goes wrong in one of our properties, this is often when our residents and tenants need our support the most. We will ensure our repairs service is responsive and personalised to meet needs.
- **Doing things with residents and not to them:** Residents have a significant stake in the quality of repairs and maintenance services. They have informed us repairs and maintenance services are important to them and their experience of living in H&F managed homes. We are keen to invest in a high-quality customer experience for all tenants and residents accessing our repairs service and have invested in an in-house customer service centre to support this commitment.
- **Being ruthlessly financially efficient:** Investment in repairs and maintenance services represents value for money as timely and early repairs and maintenance work can reduce the need for costly and length capital investment/stock refurbishment replacement programmes. Long-term recommissioning of repairs represents an excellent opportunity to drive commercial value for money through offering providers cross-cutting opportunities to provide a range of repairs and maintenance services.
- **Taking pride in Hammersmith and Fulham:** Investing in our housing stock is a key element of demonstrating our pride in Hammersmith and

Fulham. A quality repairs and maintenance service will ensure residents can live in properties they are proud of, and the Council is investing in an estate residents can take pride in. The communal repairs programme undertaken by H&F Maintenance which has received positive feedback.

3.4 The Council is committed to providing a repairs and maintenance service that is high-quality, efficient and responsive to the needs of our residents. Our residents are a key partner in developing our vision for repairs services and are engaged in the future model. As a result of this engagement, we have identified the following key priorities for the long-term model, which will deliver against the administration's manifesto promises:

- Every repair should be completed to a 'quality-performance' standard, whether delivered by the Council directly or providers
- Repairs and maintenance Services should represent good value for money to residents
- Every resident should be aware of the repairs service, how to access it, and how it should work for them. This is captured in the resident handbooks, which will be shared with every resident
- The Council should get the best social return on its investment in repairs services, including identifying opportunities for young people and local businesses to be a part of the long-term solution
- Repairs and maintenance services should be sensitive and personalised around the needs of every tenant, ensuring every repair takes account of each resident's individual circumstances and requirements
- The Council should ensure the long-term model is as flexible as possible, ensuring repairs and maintenance service can develop over time.

#### **The interim model**

3.5 The interim repairs solution was put in place following the termination of the Mitie contract. The model and budget was approved by Cabinet in March 2019 and that a further report to Cabinet would set out the proposed long-term model and procurement. The interim model was developed, procured and put into operation in six months. The priority was to minimise the risk of service failure and to establish some core principles for the long-term procurement. The second phase was to be delivered in a 12 to 15-month timeframe and include as much learning as possible from the interim solution.

3.6 In considering the long-term options it is important to reflect on the successes, problems and issues from the set up and operation of the interim solution. It was inevitable given the short timescale (6 months) for putting in place the interim solution that there would be areas for revision, refinement and potentially rethinking. The following highlights the current position:

#### **Overview**

3.7 **General repairs provision:** the procurement of three geographically based general repairs contractors has worked well. Competition between the contractors is positive and delivery improved from the previous arrangements.

To drive improvement, we are now able to benchmark and compare the service provided to each of the geographical areas. There is greater transparency of provision and performance of general repairs services, and contract management arrangements are significantly improved as a result of this change. Enhanced clienting has improved service delivery, with a greater focus on performance and quality. The Council has gathered new insight into the value for money of delivery as a result of comparing costs, volumes between areas, will mean the Council is well-placed to procure the service.

### **Early performance highlights**

It is too early to fully assess the major changes to the repairs service as these have only been operational since April 2019. However, there are some encouraging areas of performance from the first four months of operation this includes:

- over 95% of all jobs ordered are now completed on the first visit,
- 99% of our highest priority jobs (24hr target) are completed within target,
- 100% of forward planned repairs are completed within our targets,
- 97% of our non-emergency jobs are completed within our targets.

This performance is particularly impressive given the significant amount of legacy work presented to the service since its inception. Since starting we have received 28,122 jobs (Apr-Jul 19), a significantly higher number of jobs than anticipated based on data received from the previous contractor.

**Conclusion:** The positive feedback received and improved transparency and performance resulting from the interim model supports retaining three general geographical repairs contractors in the long-term model. In addition, with the ongoing uncertainty and implications arising from the negotiations of the UK's exit from the European Union, there are ongoing and significant risks of provider failure. This model builds in resilience to provider failure, and we will ensure contracts allow for any of the three providers to cover other areas in the event of an unexpected contract termination.

- 3.8 **Hammersmith and Fulham Maintenance:** the Council's newly formed in-house service team has delivered on its initial expectations and has enabled the Council, for the first time, to invest in a high-quality and responsive communal repairs programme. Resident feedback on the quality of the service provided by this team is positive. Its flexibility means it is adding value by delivering handyperson services to sheltered housing, a step-change in communal repairs, estate inspections follow-on works, complex repairs and actions identified from Fire Risk Assessment works.

### **Early performance highlights**

- H&F Maintenance has delivered over 4,200 repairs from April to July.
- It was accredited under the National Inspection Council for Electrical Installation Contracting (NICEIC),
- It is seeking further professional accreditation to undertake key elements of our specialist inspection and specialist work programmes.
- The service has delivered a significant amount of legacy work.

These developments represent an excellent opportunity to demonstrate the value of in-house delivery and the benefits to residents this can bring.

**Conclusion:** While the service is newly formed, the development and future growth of H&F Maintenance needs to happen in a phased way with its role expanding in line with the growth in its potential capacity and capability. For this reason, the various services being procured will have sufficient contract flexibility to allow specific additional services and functions to be undertaken by H&F Maintenance over time. A business plan for the service is being developed as to how it will deliver a wider offer across housing and estates, in line with the long-term model. There is scope to extend beyond its core focus, the wider delivery of services to estates, and elements of the wider repairs and maintenance model. There is a specific opportunity to explore providing the wider asset management support services across the Council, particularly facilities management services.

- 3.9 **Customer Service Centre (CSC):** The implementation of the in-house CSC represents a significant achievement. It enables full visibility and control of customer experience across repairs services. Residents have responded positively to this at a recent 'Residents Voice' and 'Summer Roadshows', that the customer service centre is responsive and helpful and understanding a repair. The in-house customer service centre provides employment opportunities to staff internally and residents. Approval of the long-term approach to repairs provides a platform for continuing to develop a high-quality customer experience for all residents contacting housing services.

#### **Early performance highlights**

- 90% of residents find customer service operatives helpful.
- The call-back function has been positively received by residents
- Over 30 compliments have been made about the service

**Conclusion:** The continuous review of the service is showing benefits with residents reporting an improved customer experience, particularly on the end-to-end completion of repairs jobs. Residents have fed-back the future repairs service should be with an on-going commitment from the Council to manage excellent customer contact. Residents are keen to see the Council pilot new ways of contacting the call-centre, ranging from permanently embedding the call-back function and investing in new ways of reporting repair enquiries. We are actively developing digital reporting applications which will be mobile accessible to all residents, online reporting forms and tools, expanding our e-mail contact offer and piloting the use of reminder texts. The customer service centre is exploring opportunities to pilot an extension of opening hours to support periods of significant demand, such as evenings and weekends. These elements of resident input and feedback provide opportunities that are being actively explored by the customer service centre business plan.

- 3.10 **Specialist providers:** Specialist contracts were put in place to ensure the Council meets its health and safety compliance priorities. Having individual contracts in place for individual specialist services provides the Council

greater assurance and oversight of compliance. These services are being reviewed to capture learning as well as wider best practice.

### **Early performance highlights**

We've seen significant improvements in the performance of our specialist repairs contracts.

- 100% LGSR annual certification.
- 98% of our priority gas repairs (24hr) are completed within target.
- 99% of non-emergency gas jobs have been completed within our targets.
- 92% of gas repair jobs are now completed within one visit.
- 100% of our urgent electrical door entry repair jobs have been completed within 24 hours.

These achievements are set against a backdrop of significant legacy demand.

**Conclusion:** The broad direction of specialist contractors will be maintained for the long-term. The list of services to be procured is set out in (appendix 1) to this report. Where frameworks were used under the interim model and had generic specifications these will be rewritten to LBHF requirements. Opportunities to get best value from the procurement process by combining or re-defining the service structure are now included in the procurement strategy.

- 3.11 **Commercial model:** The simplified arrangements of the higher repair limit and average void cost is easier to manage in the interim model has allowed Council staff to focus on getting the new team in place and the model mobilised. Initial analysis indicates over the course of 5-year contracts, this will result in reduced costs of provision which can be re-invested in stock. This approach has put the focus back on the speed and quality of delivery, ensuring that financial controls are still in place for the most costly and complex repair jobs. The costs of the new model are in line with expectations however number of jobs being raised higher than anticipated. Monthly contract meetings are taking place with all suppliers, which is providing the opportunity to resolve issues and drive improvements in service.

**Conclusion:** The simplified model and strengthened contract management has improved the commercial governance of repairs spend. The overall costs of the model are expected to be in line with expectations. However, it is too early to determine accurate spend level as the number of jobs raised is higher than forecast. Work is underway to project the future costs of the long-term service.

- 3.12 **Technology and systems:** A number of key interim system solutions were implemented to facilitate the interim model. The move from a single provider, to a model of over 20 contractors, an in-house service team and a completely new in-house customer service centre was a significant challenge for ICT. There are two main elements of the future programme to be delivered, a) the ongoing improvement and implementation of the system architecture put in place to support the interim model, and b) the eventual change to be brought about when a new Integrated Housing Management System is implemented.

**Conclusion:** The implementation plan for these changes is driven by two considerations. Firstly, the Council is currently commissioning an integrated housing management system (agreed by July Cabinet), which is running concurrently to this process, but will be mobilised at a later date to the implementation of the repairs and maintenance model. This means the interim systems and technology arrangements in place currently will need to be 'rolled over' into the long-term model. Once the new integrated housing management system is implemented, this will result in a change to provider's systems and processes to integrate. Appropriate commercial terms are built into specifications across all lots, that make clear to providers that systems change and integration will be managed in two phases and costs of this should be factored in by providers. The intention being to ensure minimal future commercial negotiation between the Council and providers to implement systems changes. The dependency between this project and the integrated housing management system will be closely managed.

### 3.13 **Budgets, Costs and the Commercial Model**

**Revenue budget:** Learning from the interim model has highlighted the previous contract for the delivery of repairs and maintenance likely represented an underinvestment in the Council assets with a low specification for key parts of the service under the previous contract. This is evidenced by the significant amount of new repairs requests experienced by the service on the launch of the new model. In addition, a higher quality standard for voids is being developed for the future model. The existing standard under the old service was very low. This has led to the average number of repairs against newly let properties being above what would normally be expected. There are also a higher number of complaints from tenants who move into newly let properties. Developing the specification so that it presents an opportunity to invest in the stock and improve resident satisfaction should reduce the number of responsive repairs and reduce reactive costs.

The Council has made proactive policy decisions to invest in repairs and maintenance services. Specifically, the decision to invest in an in-house customer service centre, the creation of H&F Maintenance to deliver a new communal repairs programme, and a greater focus on compliance works delivered through specialist contractors.

Work is underway to model the future projected long-term costs of repairs and maintenance model. The next phase of the programme will focus on establishing a) what the full first-year of demand, work and requests are, building in the work we know is required to bring our buildings back to a baseline of maintenance and compliance, b) driving as much commercial and financial value through the competition with negotiation process to ensure as much funding made available for repairs and maintenance is spent improving the quality of housing, and c) building a true 5-year budget model for the service to maximise investment in a high-quality repairs and maintenance service. This will be incorporated into the Council's HRA business and financial plan and the 2020/21 budget for the 2020/21 financial year.



- 3.14 **Competition with negotiation (CPN):** the proposed procurement approach is Competition with Negotiation, is preferred owing to the complexity of the contracts being procured. This is a restricted procedure to allow negotiations to improve the quality of the contracts while providing value for money. The timeline will comprise a pre-qualification selection whereby the Council only takes forward bids from companies that pass compliance against minimum standards. Tenders from only compliant bids will be evaluated against quality and price criteria, with a further stage of negotiation if necessary.

The negotiation can only be on bidders' tenders to improve their content. It is possible some of the lots will move straight to award without negotiation where a bid clearly provides the best value and service levels. The Council has previously used this approach on its leisure service contracts.

#### **4. NEXT STEPS**

- 4.1 Procure long-term contractors to work alongside the new in-house service from July 2020. These contractors will undertake:

- Responsive repairs and voids (three contractors by region)
- Complex Works
- Gas (including Landlord Gas Safety Checks)
- Electrical (including Electrical Installation Condition Reports)
- Asbestos removal

- 4.2 Procure a range of required services to support the planned works and compliance workstreams and the customer service centre, including:

- Asbestos Surveyors (must be separate from asbestos removals)
- Out of Hours Call Handling
- Materials and Goods

- 4.3 Procure solutions to the H&F Maintenance's goods and fleet requirements.

#### **5. CONSULTATION**

- 5.1 Regular consultation and discussion on the shape of the repairs model has taken place through existing resident forums. The resident voice meeting in July focussed exclusively on resident feedback on the interim repairs model, attend by over 40 residents. This was followed up in the Summer of 2019 with 15 road show events taking place across the borough, this asked residents for their views on the new repairs service. Views were also captured at a number of resident consultation events in the autumn 2018 which informed the interim model. The Repairs Working Group and Housing Reps Forums have also regularly been updated on the new repairs model. All of these views were possible will help shape the specification of the new contracts.

- 5.2 In line with the Council's commitment to work with residents it is proposed in the procurement strategy to directly involve residents in the evaluation of the repairs bids received. Residents will be from residents already engaged through existing forums. A training programme will be put in place for any resident who takes part.
- 5.3 The Council will consult with residents and undertake statutory consultation with leaseholders in order to recover, wherever possible, the costs of works carried out under the contracts.