

## CABINET

19 APRIL 2011

### **GATEWAY 5 PROCUREMENT CONTRACT MANAGEMENT REPORT: EXTENSION OF HOUSING RESPONSIVE MAINTENANCE CONTRACT AND PROPOSAL FOR FIXED FEE APPROACH FOR REPAIRS AND VOIDS SERVICE**

Portfolio Holder: Councillor Howard Doe, Housing and Community Services

Report from: Deborah Upton, Assistant Director Housing and Corporate Services

Author: Marc Blowers, Head of Service Improvement

#### **Summary**

This report seeks permission from Cabinet to: -

- a) Extend the responsive repairs and maintenance contract for two years with effect from 1 April 2012. The contract is currently awarded to Mears PLC. Further information is detailed within section 2 'Permissions' of the report.
- b) Give approval to pilot a fixed fee approach for the provision of the repairs and maintenance service for three months.
- c) Give authority to the Assistant Director of Housing and Corporate Services, subject to the success of the fixed fee trial, to enter into arrangements with Mears to formalise this arrangement for the remainder of the contract period.

Approval to extend the contract is based upon the procurement process that was undertaken during 2006 and which led to an award of contract on 12 December 2006 to Erinaceous Property Maintenance and commenced 1 April 2007. The Contract was subsequently novated to Mears, and the contract contains provisions, which allow for it to be extended.

Cabinet approved this procurement on 16 December 2006 and subsequent approval for contract award was given, with effect from 1 April 2007.

The Strategic Procurement Board reviewed a Gateway 4 Appraisal Report on 16 February 2011.

A Gateway 5 report to approve the details of this report was ratified by the Strategic Procurement Board on 30 March 2011 and recommended for referral to Cabinet.

## **1. BUDGET AND POLICY FRAMEWORK**

### **1.1 Procurement Contract Management**

1.1.1 This procurement contract management report and its subsequent review is within the Council's policy and budget framework and meets with all the identified Core Values, Strategic Priorities, Strategic Council Obligations and Departmental/Directorate service plans.

## **2. BACKGROUND**

### **2.1 Contract Details**

2.1.1 This contract is a Works/Construction contract.

### **2.2 Contract Description**

2.2.1 The contract is for the provision of a responsive repairs and maintenance service, which encompasses:

- Repairs to tenanted properties (including Sheltered Schemes and Communal Areas)
- Vacant property repairs
- Out of hours emergency repairs
- Gas servicing/breakdowns and capital works
- The contract does not cover specialist works relating to TV aerials, communal door entry systems, Legionella testing etc.
- Capital repairs, i.e. repairs to replace and improve components in Council property bringing them up to the Decent Homes Standard required by Government, which had a current target date of 2010.

2.2.2 The contract allows the Council to ensure it meets its statutory repairing obligations and maintains properties in a good state of repair.

2.2.3 The responsive repairs and void ordering aspects of the contract is currently managed as a traditional "schedule of rates" repairs contract, which was set up with a view to this becoming a partnership between the parties. This has yet to be developed. If approval to extend the contract is given, work will take place between Housing Services and Mears to develop this.

2.2.4 Following the HRA review and restructure the repairs and maintenance team in Housing Services, dealing with responsive repairs, consists of a Head of Service, a Contracts Manager, 2 Inspectors and a Housing Asset and Contract Monitoring Officer. Five posts previously within the Housing Support Team have now transferred to Customer First to deal with day-to-day responsive repairs ordering. Finance staff are now within the Landlord Services Team who administer the invoicing processes.

## **2.3 Contract Performance**

- 2.3.1 Day to day repairs contract performance is currently measured in a number of ways. The quality of the work is monitored via post inspections of works by the Council's Inspectors and through telephone surveys plus call backs to repair work made by tenants through Customer First, Ward Councillors and the Council's complaints procedures. Feedback from members of the scrutiny panel and actual performance statistics are positive and on a continual improving scale.
- 2.3.2 In addition the Repairs Focus Group has been set up to facilitate feedback on the responsive repairs contract and Mears representatives attend this. Repairs Focus Group meetings are held on a bi-monthly basis involving tenants, the contractor and Medway staff to discuss policy and procedures and develop services in relation to any weaknesses around the relevant TSA standards. Feedback from tenants has been very positive acknowledging the improvements that have been made.
- 2.3.3 There are two tiers of monitoring. Day-to-day performance matters are being dealt with via monthly meetings with the Mears team. Strategic issues are dealt with and developed through bi-monthly meetings between the Assistant Director for Housing and Corporate Services, Head of Service Improvement and Mears Managing Director and Chief Executive Officer.
- 2.3.4 Performance information relating to Urgent Repairs, Non Urgent Repairs and Vacant turnaround times are also monitored to measure Mears performance. These are publicised on our website and at Chatham Contact Point, and are monitored by the Assistant Director in conjunction with the Housing Portfolio Holder.
- 2.3.5 100% of day time emergency repairs were completed on time in December and even with the severe weather conditions urgent repairs only dropped slightly to 94.9 % in December from the previous month's 100%.
- 2.3.6 Extracts from Performance Matters, providing details of performance since April 2010, can be found at Appendix A of this report.

## **2.4 Capital Works**

- 2.4.1 Following the Capital Works tender in 2009, Mears offered a further discount on internal works and were awarded the works under their existing contract. As of December 2010 Medway was 100% compliant in relation to Decent Homes.
- 2.4.2 There were no formal complaints from customers in conjunction with Phase 2 of the capital works programme. This is much improved compared to the Phase 1 project, when the work was split between two contractors one of which was Mears. The Council received significant complaints about the other contractor, whilst under phase 2 of the Decent Homes programme undertaken by Mears only there were no formal complaints received.
- 2.4.3 Phase 2 of Decent Homes work is continuing past the government's set deadline with some 2011 Decent Homes failures being brought forward into this

programme, to ensure the Council continues to maintain its 100% decent homes performance.

- 2.4.4 Mears have offered the same discount on internal works and no inflationary increase for works for 2011. This is possible due to them achieving economies of scales because of their existing Responsive Repairs contract.

## 2.5 **Gas Servicing, Breakdowns and Installations**

- 2.5.1 The gas servicing contract, covering servicing, breakdowns and installations was reinstated with Mears from 1 April 2009. During this period they have performed well and there have been no concerns expressed by our specialist gas contract supervisor, GAS Contract Services (GCS).

## 2.6 **Permissions Required**

### **Extension of contract**

- 2.6.1 This report seeks permission to extend this contract for a further two years from 1 April 2012 for the following reasons:

- The Contractor has fulfilled requirements in accordance with the service specification and associated contract terms
- No major issues, since Mears have held the Contract, have been identified which cause concern
- As an average over 2011 Customer satisfaction as of February 2011 is at 97% for Mears repairs
- For gas servicing customer the figure year to date is at 98%
- Mears have offered a discount of 10% for internal works on the previous contract price for capital works.
- Positive relationship with Mears.

### **Fixed Fee**

- 2.6.2 Additionally permission is sought to move to a fixed fee based approach for repairs and maintenance including voids.

### **Fixed fee approach for repairs and void property maintenance – pilot scheme**

- 2.6.3 Senior Officers from both Mears and Housing Services have been in negotiation to develop the service and pilot a “fixed fee” approach for the repairs and voids service. This pilot could commence for three months from 1 May 2011, subject to final negotiations. This fixed fee approach would change the way in which Housing Services incurs costs for repairs.

### **How would the fixed fee work?**

- 2.6.4 Currently Officers raise individual orders for repairs to be undertaken using a traditional schedule of rates approach, which means that each order raised has its own cost assigned to it. This makes it difficult to manage the repairs budget

as the demand for repairs can fluctuate, especially during the winter months, and stability of the budget is difficult.

- 2.6.5 The “fixed fee” approach would mean that Housing Services would pay a fixed amount each month to Mears for undertaking agreed responsive repairs. The repairs that would be excluded from the fixed fee would be set out in advance and would be paid for additionally. These types of works would be for example capital works, such as kitchen replacements, disabled adaptations and discretionary repairs works, which are not generally our responsibility but where a vulnerable customer requires on occasions an enhanced repair service.
- 2.6.6 Voids costs would be based on a fixed fee for the size of the vacant property and on a standard void specification. This would stop the need for council officer inspections of a vacant property when the keys are received. Mears would take receipt of the keys straight away and complete works as required to bring the property up to the void standard. This approach will save time at the beginning of the void period and should help to improve the void turn around times, in turn making a saving to the Council in terms of less loss of rent. Joint handovers would still take place once work has finished to ensure the work has been completed to a satisfactory standard.
- 2.6.7 The benefits of moving to a fixed fee approach are that this would provide much more stability for the budget, reduce significantly the administration processes in relation to the contract, namely variations orders and invoicing where one invoice per job is currently received (approx 800 a month) and provide a faster customer service for responsive repairs. Customers would no longer need to wait for works to be authorised unnecessarily if the work is agreed to be within the fixed fee.
- 2.6.8 In negotiating with Mears on this approach, much analysis of spend and commitment of the current financial year and previous years spend has been undertaken. The final agreed fee price is currently being negotiated.
- 2.6.9 It is hoped that following the three-month pilot, both parties agree to make this a permanent arrangement to the delivery of the repairs service for the remainder of the contract. However it is unlikely Mears will be able to sustain this approach if the contract is not extended. Following the pilot period there will only be a further eight months of the initial contract period remaining.
- 2.6.10 Under a fixed fee approach there is more emphasis and benefit to Mears renewing items initially rather than returning time and time again to repair an item. However this is only going to be of benefit to Mears if they have commitment from Housing Services, ie an extension of the contract. Any savings made by Mears moving towards a fixed fee approach are much longer term for them, whilst Housing Services are likely to achieve earlier savings in the process in terms of improved customers satisfaction, speedier repair times and a more stable budget, plus economies of scale in staffing.
- 2.6.11 The fixed fee approach will include a contingency sum to be held by Housing Services for repairs that are defined as being excluded from within the fee. These are exceptional repairs, for example decorating on odd occasions a room.

2.6.12 Approval for the pilot of the fixed fee approach for the repairs and maintenance service is sought for initially a three-month trial period. Following this pilot a review will be undertaken. Subject to the success of this pilot it is proposed that this arrangement be made permanent for the remainder of the contract.

2.6.13 In relation to these costs currently being negotiated, two other organisations in Kent have launched a similar approach with Mears and below, as examples, are the costs they are incurring:

Council 1- 5271 Properties - 1250 Garages  
Price per property - £328.31  
Price per garage - £56.42

Council 2 - 3116 Properties - 580 Garages  
Price per property - £319.00  
Price per garage - £57.49

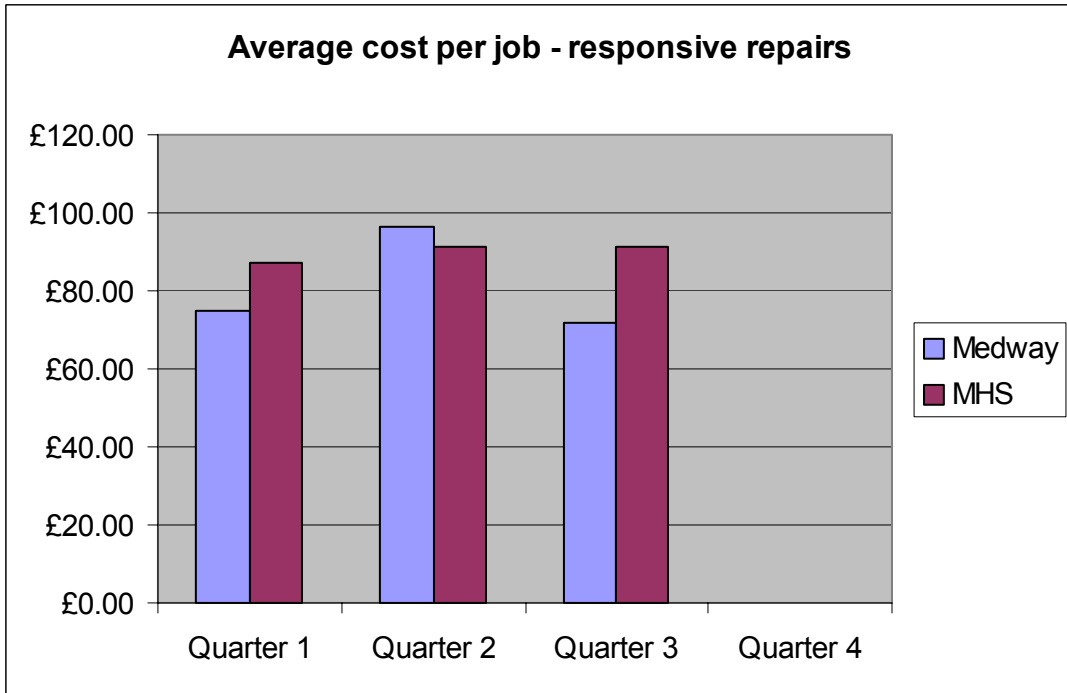
#### 2.6.14 National benchmarking information

In terms of more local benchmarking for the average cost for all repair works, the average cost per repair compares well with MHS; the largest social housing provider in Medway.

The latest set of quarterly benchmarking results are below:-

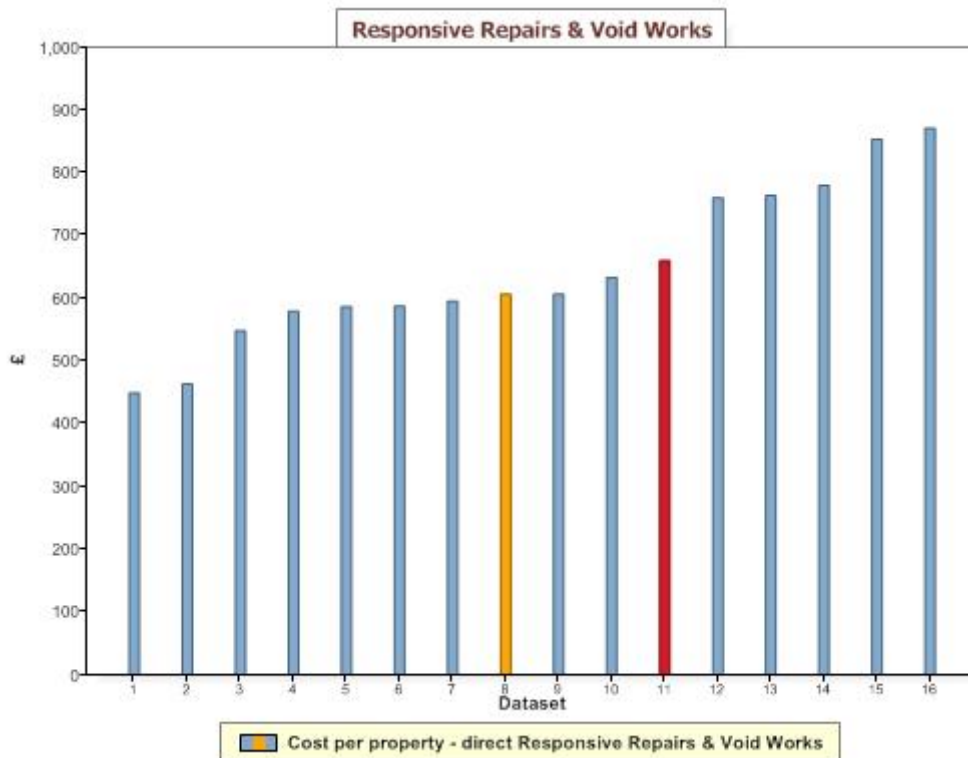
##### Average cost per job – responsive repairs.

|        | <b>Quarter 1</b> | <b>Quarter 2</b> | <b>Quarter 3</b> | <b>Quarter 4</b> |
|--------|------------------|------------------|------------------|------------------|
| Medway | £74.88           | £96.51           | £71.74           |                  |
| MHS    | £87.23           | £91.43           | £91.10           |                  |



In terms of wider national benchmarking the most recent Core benchmarking returns shows Medway's position as follows

### Direct responsive repairs and voids re-servicing cost per property



Organisations:

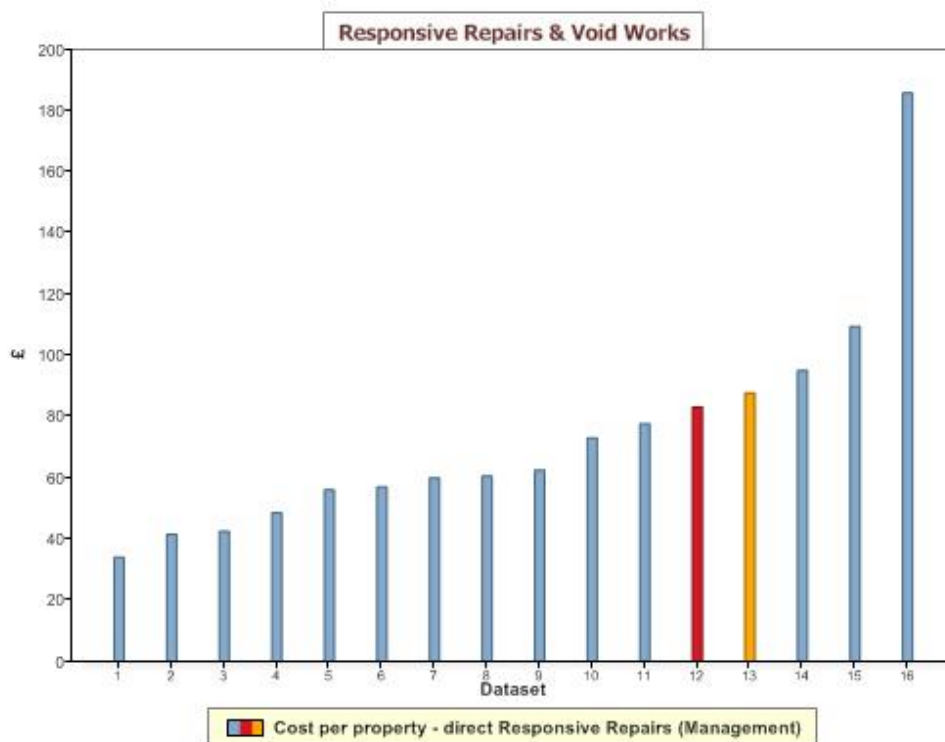
|                                   |                               |                         |
|-----------------------------------|-------------------------------|-------------------------|
| Cambridge City Council            | Lincoln City Council          | Reading BC              |
| Canterbury City Council           | Mansfield DC                  | South Derbyshire DC     |
| Cheshire West and Chester Council | 8 Medway Council (2008/2009)  | Warwick DC              |
| Chesterfield BC                   | 11 Medway Council (2009/2010) | Winchester City Council |
| Corby BC                          | Mid Devon DC                  |                         |
| Crawley BC                        | Oxford CC                     |                         |

| Cost per property - direct Responsive Repairs & Void Works |                            |        |        |          |
|--|----------------------------|--------|--------|----------|
| Comparator Group Quartiles                                 |                            | Upper  | Median | Lower    |
|  |                            | 581.50 | 601.19 | 762.78   |
| Id   | Results for Medway Council | Result | Rank   | Quartile |
| 11   | Medway Council (2009/2010) | 659.92 | 11     |          |
| 8  | Medway Council (2008/2009) | 606.29 | 8      |          |

The chart above shows the direct costs (including direct works costs, direct non-pay costs and direct employee costs) per property of responsive repairs and voids re-servicing compared to our peers. It includes both the 'client side' management and administration functions and the 'contractor side' direct spend. Overhead costs are excluded.

**Direct costs of responsive repairs management ('client side')**

The chart shows the direct costs per property of staff involved in managing/administering the responsive repairs service. Overhead costs are excluded.





Organisations:

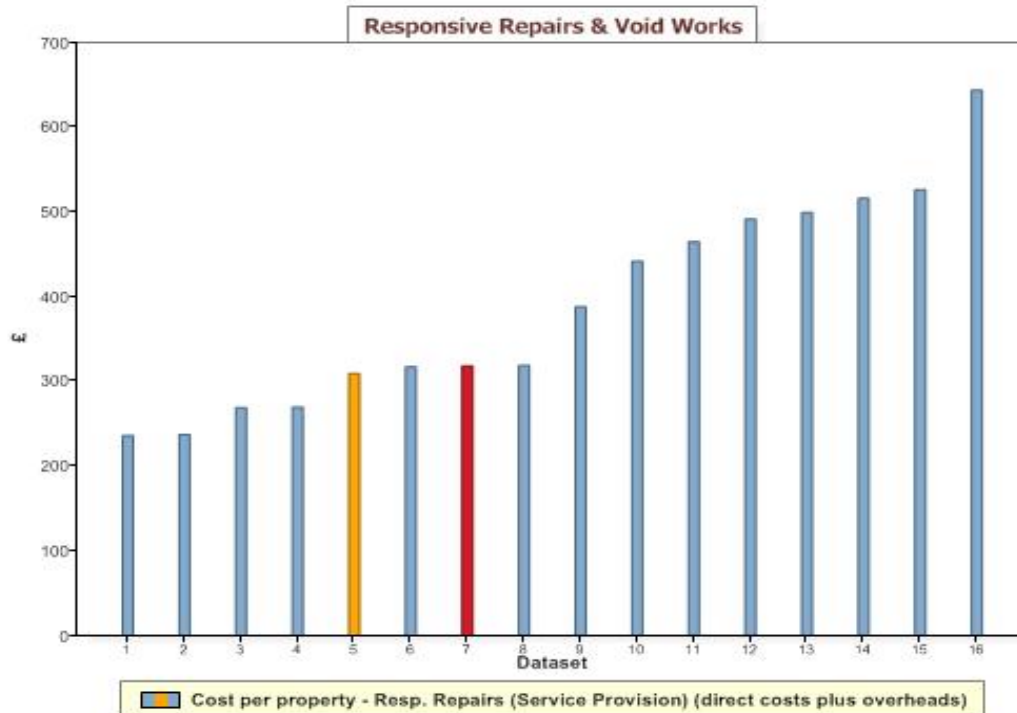
|                                   |                               |                         |
|-----------------------------------|-------------------------------|-------------------------|
| Cambridge City Council            | Lincoln City Council          | Reading BC              |
| Canterbury City Council           | Mansfield DC                  | South Derbyshire DC     |
| Cheshire West and Chester Council | 12 Medway Council (2009/2010) | Warwick DC              |
| Chesterfield BC                   | 13 Medway Council (2008/2009) | Winchester City Council |
| Corby BC                          | Mid Devon DC                  |                         |
| Crawley BC                        | Oxford CC                     |                         |

| Cost per property - direct Responsive Repairs (Management) |                            |        |        |          |
|--|----------------------------|--------|--------|----------|
| Comparator Group Quartiles                                 |                            | Upper  | Median | Lower    |
|  |                            | 50.51  | 60.32  | 76.58    |
| Id   | Results for Medway Council | Result | Rank   | Quartile |
| 12   | Medway Council (2009/2010) | 83.19  | 12     | ●        |
| 13   | Medway Council (2008/2009) | 87.80  | 13     | ●        |

A high cost per property may indicate inefficiency in the management and administration of the responsive repairs service. A low cost may reflect an efficiently run service. However, it might also be an indication that more resources are required in this area.

**Total cost of responsive repairs service provision (‘contractor side’)**

The following chart shows the total cost (per property) of providing the repairs service for each member of the benchmarking club. This measure includes overheads, enabling a more useful comparison to be made between organisations that outsource to a contractor and those that have an internal direct labour organisation (DLO).



Organisations:

|                                   |                              |                         |
|-----------------------------------|------------------------------|-------------------------|
| Cambridge City Council            | Lincoln City Council         | Reading BC              |
| Canterbury City Council           | Mansfield DC                 | South Derbyshire DC     |
| Cheshire West and Chester Council | 5 Medway Council (2008/2009) | Warwick DC              |
| Chesterfield BC                   | 7 Medway Council (2009/2010) | Winchester City Council |
| Corby BC                          | Mid Devon DC                 |                         |
| Crawley BC                        | Oxford CC                    |                         |

| Cost per property - Resp. Repairs (Service Provision) (direct costs plus overheads) |                            |        |        |          |
|---|----------------------------|--------|--------|----------|
| Comparator Group Quartiles  |                            | Upper  | Median | Lower    |
|   |                            | 281.66 | 415.24 | 497.52   |
| Id  | Results for Medway Council | Result | Rank   | Quartile |
| 7   | Medway Council (2009/2010) | 318.60 | 7      |          |
| 5   | Medway Council (2008/2009) | 309.73 | 5      |          |

A low cost per property may be the result of effective planned work programmes, so reducing the number of responsive repairs. It may also indicate that the organisation has negotiated efficient procurement arrangements, bringing down the cost of labour and materials. However, it may also reflect a lack of investment in the service and it is important to view this indicator in conjunction with the performance and satisfaction indicators and in the detailed appendices.

### 2.6.15 Potential other savings with Mears

Further dialogue with Mears has identified the potential for other cost savings in the longer term that will result in contract savings, if the decision is approved to extend the current contract. These savings will not necessarily be focused around the repairs and maintenance budget but around savings based on other joint initiatives and potential for sharing of resources resulting in lower overheads to the Council.

## 3. OPTIONS

In arriving at the preferred option as identified within Section 4.1 'Preferred Option', the following options have been considered with their respective advantages and disadvantages.

### 3.1 Considered Options

#### Option One

Do nothing – allow the contract to expire.

| <u>Advantages</u> | <u>Disadvantages</u>   |
|-------------------|--|
| None              | <p>Council has no main contractor to deliver its repairs service and met its statutory obligations</p> <p>Properties may become unsafe</p> <p>No contractor in place to undertake gas servicing or other health and safety works</p> |

|  |   |
|--|---|
|  | <p>Complaints could rise through having a lack of a dedicated repairs contractor</p> <p>Works might end up being assigned without going through proper procurement processes – especially emergency repairs</p> <p>There would be no out of hours repairs service</p> |
|--|---|

### Option Two

Extend the existing contract for two years from 1 April 2012.

| <u>Advantages</u>   | <u>Disadvantages</u>              |
|---|-----------------------------------|
| <p>Continue to build on current positive working relationship</p> <p>Longer term contract will allow development of fixed fee approach to repairs service</p> <p>Able to manage the current contract within current resources.</p> <p>Maintain continuity for staff and customers.</p> <p>Budget stability if fixed fee pilot successful.</p> <p>Known costs already for next three years for budget purposes.</p> <p>Mears able to provide significant discount on Capital works due to sharing overheads with their responsive repairs team</p> | <p>Market not tested for VFM.</p> |

### Option Three

Allow existing contract to expire and re-tender.

| <u>Advantages</u>     | <u>Disadvantages</u>   |
|-----------------------|--|
| Market tested for VFM | Time consuming in terms of administration and management of re-tendering the contract.<br><br>Unknown who will be successful<br><br>New working relationships need to be forged potentially<br><br>No desire by customers to re-tender |

### 3.2 Fixed fee approach to funding the repairs service with Mears

There are two options for consideration in regards to this approach.

#### Option 1

Move to fixed fee approach for payment of repairs and void property works.

| <u>Advantages</u>   | <u>Disadvantages</u>  |
|---|---|
| Streamline administration processes and, longer term, will allow a review of staffing to be undertaken for further savings.<br><br>Stabilise the repairs budget<br><br>Speedier customer service – much less pre inspection required before works are agreed leading to better service for customers.<br><br>Should lead to an increase in “renewals” of property items (e.g. taps) rather than repairs of items.<br><br>Reduction in the “one invoice per job” approach.<br><br>Reduction in variation orders<br><br>Emphasis moves from pre inspections to quality inspections by Housing Services. | Not all works will be covered by the fixed fee – Officers need to ensure there is sufficient budget available for contingency works.<br><br>Potential for operatives to do quick “fix it” jobs – will need tight contract management. |

|  |  |
|--|--|
|  |  |
|--|--|

## Option 2

Remain with the schedule of rates

| <u>Advantages</u>  | <u>Disadvantages</u>  |
|--|---|
| IT system shows exactly the schedule of rates used and the repairs type. | <p>Very resource intensive in terms of administration</p> <p>Slower customer service – contractor has to seek authority for all variations over £100.</p> <p>Budget pressures may lead to a slow down of the ordering towards year-end as orders are paid for individually.</p> <p>Less incentive for contractor to fix the repair “right first time”.</p> <p>Each job has an individual invoice leading to extensive processes.</p> <p>Some jobs require pre inspections before works can be sanctioned.</p> |

### 3.3 **Continue with Current Contract and subject to Further Gateway 5 reporting requirements.**

The option of continuing with the current contract for the remainder of the contract term and subjecting to further Gateway 5 requirements has been considered and below are the advantages and disadvantages of this option:

#### **Advantages**

- Continue to build on current positive working relationship
- Longer term contract will allow development of fixed fee approach to repairs service
- Able to manage the current contract within current resources.
- Maintain continuity for staff and customers.
- Known costs already for next three years for budget purposes.

#### **Disadvantages**

- Market not tested for VFM

## 4. ADVICE AND ANALYSIS

### 4.1 Preferred Option

Further to an extensive review of procurement options as highlighted within Section 3 'Options' above, the following preferred option is:-

- (1) that the Responsive Repairs and Maintenance Contract be extended for a further two years with effect from 1 April 2012, and
- (2) that the pilot approach for delivery of the repairs and maintenance service, inc voids via a "fixed fee" approach, be approved and
- (3) subject to a successful pilot the fixed fee be adopted for the remainder of the contract term.

This option provides:

- Budgetary stability
- Allows further development of improvements with Mears that have been made over the last 12 months
- Develop further efficiencies in terms of other cost savings
- Increase speed of customer service
- Development of ICT to improve service delivery
- Allow Officers to concentrate on management of the existing contract rather than be distracted by work to re-tender the contract and potentially have a new contractor to build working methods and relationships with from April 2012.

#### 4.1.1 Procurement Project Outputs / Outcomes

The following procurement outcomes/outputs have been appraised in the table below to demonstrate how the procurement contract and contractor delivers outcomes/outputs as part of ongoing contract management.

| Outputs / Outcomes | How has success been measured? | Who has measured success of outputs/ outcomes                 | When was success measured?       | How has procurement contract delivered outputs/outcomes?  |
|--------------------|--------------------------------|---|----------------------------------|---|
| 1.                 | KPI data                       | Housing Services<br>Resident Forum<br>Members via CPI outputs | Monthly and Quarterly monitoring | Improved Customer satisfaction<br>Improved repairs performance<br>Improved voids performance<br><br>As set out in the attached appendix A |
| 2.                 | Customer Involvement Forums    | Tenants and Leaseholders                                      | Bi monthly forums.               |   |

|    |                                      |                        |         |                                       |
|----|--------------------------------------|------------------------|---------|---------------------------------------|
| 3. | Monthly contract monitoring meetings | Officers and customers | Monthly |                                       |
| 4. | Complaints                           | DMT members            | Monthly | Reduction in the number of complaints |
| 5. | Customer satisfaction monitoring     | DMT members            | Monthly |                                       |

#### **4.1.2 Procurement Project Management**

No further procurement management resources or skills are required to be deployed on this contract if the contract is extended, as the contract is due to conclude on 31 March 2014 (inc the permitted extension of a further 2 years) and there are no additional requirements.

#### **4.1.3 Contract Management Resources and Skills**

The contract management of this procurement contract will continue to be resourced for the remainder of the contract through the following contract management arrangements:

Head of Service Improvement  
Estate Services Manager  
Contracts Managers  
Building Inspectors x 2  
Health and Safety Officer x 1

Subject to the contract extension being agreed there are proposals to hold further discussions with Mears in conjunction with shared resources to manage the contract.

#### **4.1.4 Other Issues**

There are no other issues that could potentially impact negatively the remainder of this contract term.

#### **4.1.5 TUPE Issues**

As the contract award was agreed in 2006 there was no Gateway process in place at that time. However the report to Cabinet on 12 December identified that there would be TUPE issues if a full partnering contract were developed. This would have covered administrative and operational duties. To date the contract has never been developed and therefore TUPE has never applied or affected the Council's own staff.

There are no further TUPE issues to consider at this stage. However, in the event of future streamlining or sharing of services there could be TUPE issues involved.

## 5. RISK MANAGEMENT

### 5.1 Risk Categorisation

The following risk categories have been identified as having a linkage to this procurement contract:

|                      |                                     |                              |                                     |
|----------------------|-------------------------------------|------------------------------|-------------------------------------|
| Procurement process  | <input type="checkbox"/>            | Equalities                   | <input checked="" type="checkbox"/> |
| Contractual delivery | <input checked="" type="checkbox"/> | Sustainability/Environmental | <input type="checkbox"/>            |
| Service delivery     | <input checked="" type="checkbox"/> | Legal                        | <input type="checkbox"/>            |
| Reputation/political | <input checked="" type="checkbox"/> | Financial                    | <input checked="" type="checkbox"/> |
| Health & Safety      | <input checked="" type="checkbox"/> | Other                        | <input type="checkbox"/>            |

For each of the risks identified above further information has been provided below:

| <b>Risk Categories</b>  | <b>Outline Description</b>  | <b>Risk Impact</b><br>A=Very High<br>B=High<br>C=Significant<br>D=Low<br>E=Very Low<br>F=Almost Impossible | <b>Risk Likelihood</b><br>I=Catastrophic<br>II=Critical<br>III=Marginal<br>IV=negligible Impact | <b>Plans To Mitigate Risk</b>   |
|-------------------------|---|--|---|---|
| a) Procurement process  |   |  |   |   |
| b) Contractual delivery | Contractor goes into liquidation  | A  | III   | Regular financial checks to be undertaken   |
| c) Service delivery     | Poor performance leads to large amounts of overdue work and poor customer satisfaction. | C  | III   | Regular monthly/weekly performance monitoring sheets<br><br>Contractor meetings held monthly and ad hoc in between formal |



|                           |  |   |          |   |
|---------------------------|--|---|----------|---|
|                           |  |   |          | meetings.   |
| d) Reputation / political | Poor performance – leads to poor customer service perception of Council.       | C | III      | Weekly and monthly performance monitoring reports in place.<br><br>Regular meetings in place with Mears to monitor performance.<br><br>High-level performance KPIs monitored by DMT.                            |
| e) Health & Safety        | Poor management by contractor could lead to injury of operatives or customers. | C | Critical | Random health and safety audits put in place by Housing Services.<br><br>Joint training of H&S issues to be implemented<br><br>Housing Services has dedicated H&S Officer to monitor this area of the contract. |
| f) Equalities             | Service not accessible to all customers.                                       | C | Critical | Tenant profile surveys data used to identify profile of tenants and tenant specific requirements.<br><br>Development  |

|                                   |  |   |     |   |
|-----------------------------------|--|---|-----|---|
|                                   |  |   |     | of local area surgeries will assist in taking service out to customers.                   |
| g) Sustainability / Environmental |  |   |     |   |
| h) Legal                          |  |   |     |   |
| i) Financial                      | Lack of proper controls lead to overspends on budget | E | III | Weekly budget monitoring reports in place.<br><br>Monthly meetings with Accountancy held. |
| j) Other                          |  |   |     |   |

## 6. CONSULTATION

### 6.1 Internal (Medway) Stakeholder Consultation

As part of this process the Housing and Community Services Portfolio Member has been consulted and supported the proposals.

### 6.2 External Stakeholder Consultation

As part of the contract management, the following external stakeholder consultation has been undertaken

Consultation with Tenant Scrutiny Panel  
Consultation with Repairs Forum

## 7. STRATEGIC PROCUREMENT BOARD – 30 MARCH 2011

7.1 The Strategic Procurement Board considered this report on 30 March 2011 and recommended its approval to Cabinet.

## **8. FINANCIAL AND LEGAL IMPLICATIONS**

### **8.1 Financial Implications**

- 8.1.1 There are no additional financial implications resulting from the proposed extension to the current contract. Funding for works from within the contract will be contained within existing HRA budgets. If a fixed fee approach agreement is entered into, then officers must ensure that any resulting costs can be contained within existing maintenance and repairs budgets.

### **8.2 Legal Implications**

- 8.2.1 The original contract contains a provision for extension and was subject to full EU tendering processes. Therefore there are no legal implications arising from the proposed contract extension.

### **8.3 Procurement Implications**

- 8.3 As this contract will be subject to competitive tendering at some stage in the future, we will look to plan for our new procurement in the next year, identifying lessons learnt and reviewing what best practice exists elsewhere in other Local Authorities.

## **9. RECOMMENDATIONS**

- 9.1 Cabinet is requested to agree:

- (a) that the Responsive Repairs and Maintenance Contract be extended for two years with effect from 1 April 2012,
- (b) that the pilot approach for delivery of the repairs and maintenance service, inc voids via a "fixed fee" approach, be approved for a three calendar month period, subject to completion of successful negotiations which be delegated for agreement to the Assistant Director of Housing and Corporate Services in conjunction with the Housing and Corporate Services Portfolio Member
- (c) subject to a successful pilot of the fixed fee that the Assistant Director of Housing and Corporate Services be delegated authority, in consultation with the Housing and Community Services Portfolio Member, to enter into arrangements with Mears to formalise these arrangements for the remainder of the contract term.

## **10. SUGGESTED REASONS FOR DECISION(S)**

- 10.1 The reasons for the decision are set out in Option 1 in section 4.1 above

## LEAD OFFICER CONTACT

Name  Title   
Department  Directorate   
Extension  Email

The following documents have been relied upon in the preparation of this report:

| Description of document  | Location   | Date             |
|--|--|------------------|
| 'Housing Maintenance Contract' Cabinet report and minutes - 12 December 2006 | Available via the Council's website:<br><a href="http://www.medway.gov.uk">www.medway.gov.uk</a> | 12 December 2006 |
| Gateway 4 Report   | Available on request from Marc Blowers<br>Head of Service Improvement                            | 16 March 2011    |

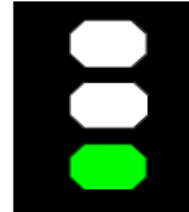
# Improve the Quality and Energy Efficiency of Housing

## Day time Emergency repairs - All contractors

Indicator type  
CPI HOU\_HRA1/LPI

Monthly Target -  
% on time **99%**

% on time Monthly  
Performance  
Against Target

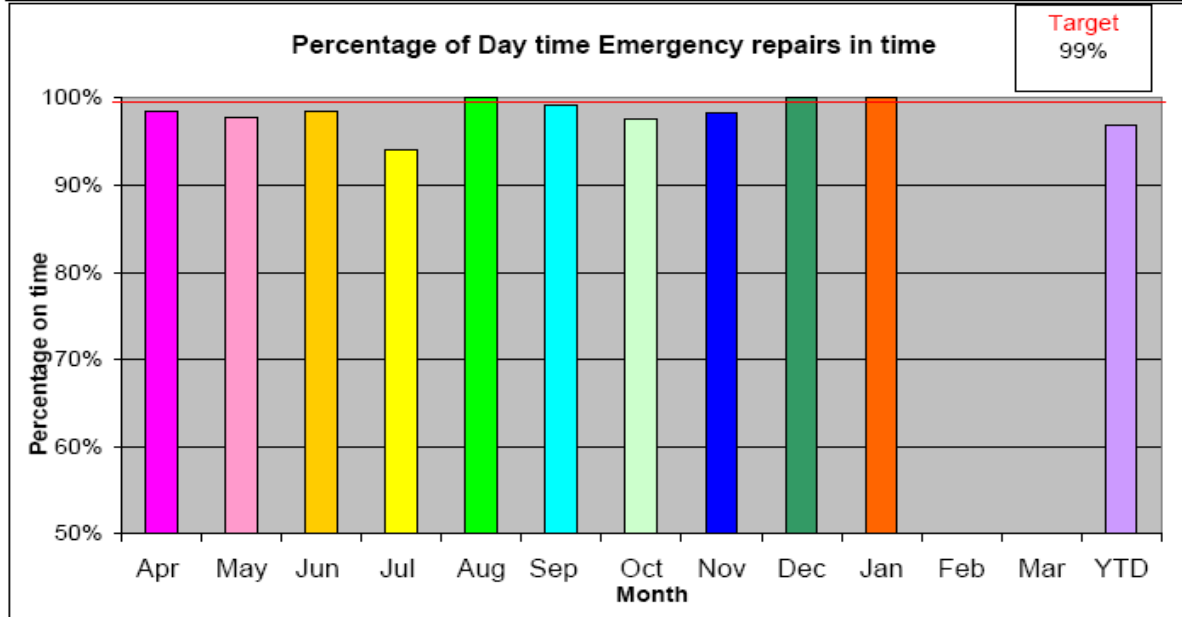


Manager: Marc Blowers

| Quartile Performance |            |            |
|----------------------|------------|------------|
|                      | QTR1 10/11 | QTR2 10/11 |
| Upper Quart          | 100        | 99.74      |
| Median               | 99.36      | 99         |
| Lower Quart          | 98.10      | 97.48      |

Source: Housemark National club (2500-5000 stock size - 03/12/10)

|  | Apr    | May    | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    | Dec  | Jan  | Feb | Mar | YTD    | Perf against prior month |
|--|--------|--------|--------|--------|--------|--------|--------|--------|------|------|-----|-----|--------|--------------------------|
| % of day time Emergency repairs in time                      | 98.54% | 97.80% | 98.40% | 94.12% | 100%   | 99.25% | 97.52% | 98.23% | 100% | 100% |     |     | 96.99% | →                        |
| No. of repairs on time                                       | 203    | 178    | 184    | 144    | 121    | 133    | 118    | 111    | 109  | 98   |     |     | 1449   | ↓                        |
| Total no. of repairs completed                               | 206    | 182    | 187    | 153    | 121    | 134    | 121    | 113    | 109  | 98   |     |     | 1494   | ↓                        |
| Number of repairs outstanding                                | 6      | 9      | 14     | 4      | 2      | 0      | 1      | 4      | 0    | 2    |     |     | 2      | ↑                        |
| Emergency repairs as a % of all responsive repairs completed | 35.03% | 25.63% | 28.08% | 23.72% | 20.20% | 19.71% | 18.39% | 17.52% | 25%  | 15%  |     |     | 22%    | ↓                        |



**Actions/Comments**  
Monthly performance on target.

Repairs overdue - All contractors as at 27th January (report ran 3rd February (excluding stage 28 - repairs with Medway Council and stage 1 - record created))

**Notes**  
This graph provides data which monitors the percentage of Emergency repairs that contractors have completed in time. Emergency repairs have been defined as those that should be completed within 2 hours or those that fall within the 1 wrk day RTR category .  
The monthly figure represents a snapshot of the performance against target as it is at the time the report was run. To ensure that we achieve an accurate figure the YTD is calculated each month, this catches any updates made to the system.

EVERYONE BENEFITTING FROM THE AREA'S REGENERATION

# Improve the Quality and Energy Efficiency of Housing

## Urgent repairs - All contractors

Indicator type  
CPI HOU\_HRA2/LPI

Monthly Target -  
% on time **99%**

% on time Monthly  
Performance  
Against Target

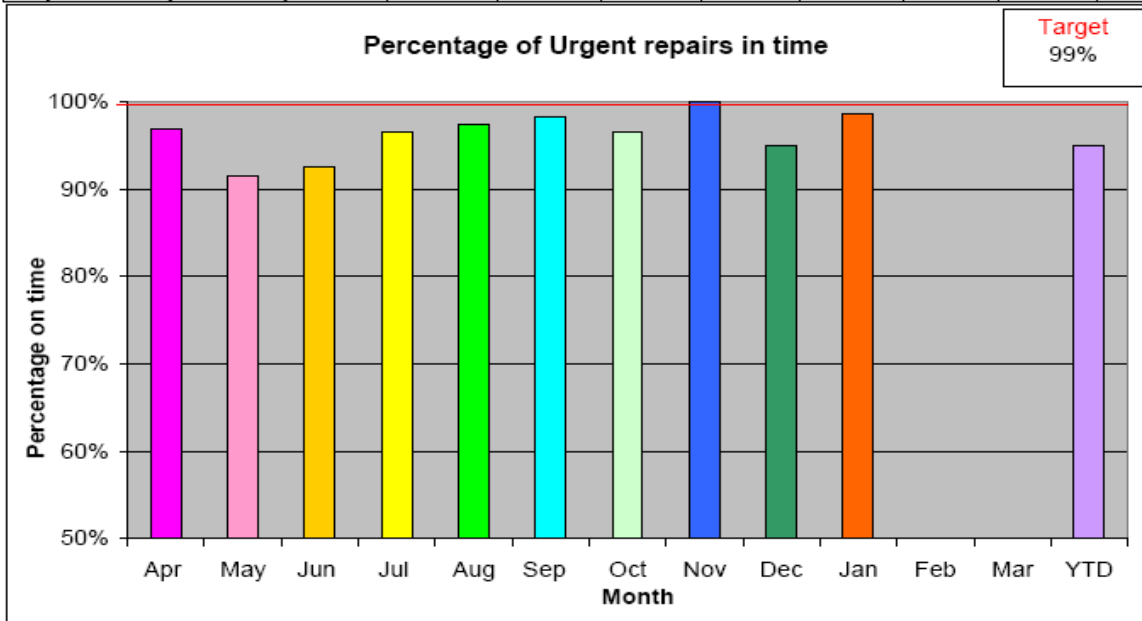


| Quartile Performance |            |            |
|----------------------|------------|------------|
|                      | QTR1 10/11 | QTR2 10/11 |
| Upper Quart          | 99.30      | 99.41      |
| Median               | 98.10      | 98.09      |
| Lower Quart          | 96.57      | 95.31      |

Source: Housemark National club (2500-5000 stock size - 03/12/10)

Manager: Marc Blowers

|   | Apr    | May    | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    | Dec    | Jan    | Feb | Mar | YTD    | Perf against prior month |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----|-----|--------|--------------------------|
| % of Urgent repairs in time                               | 96.95% | 91.49% | 92.47% | 96.43% | 97.41% | 98.31% | 96.53% | 100%   | 94.90% | 98.61% |     |     | 94.99% | ▲                        |
| No. of repairs on time                                    | 127    | 129    | 135    | 216    | 188    | 174    | 139    | 119    | 93     | 142    |     |     | 1516   | ▲                        |
| Total no. of repairs completed                            | 131    | 141    | 146    | 224    | 193    | 177    | 144    | 119    | 98     | 144    |     |     | 1596   | ▲                        |
| Number of repairs outstanding                             | 10     | 11     | 10     | 1      | 5      | 1      | 5      | 8      | 0      | 5      |     |     | 5      | ▲                        |
| Urgent repairs as a % of all responsive repairs completed | 22.28% | 19.86% | 21.92% | 34.73% | 32.22% | 26.03% | 21.88% | 18.45% | 22.48% | 22.19% |     |     | 23%    | ▼                        |



### Actions/Comments

Performance slightly under target, this reflects two out of 144 jobs not being completed on time. Both of these were completed within the next two working days.

Repairs overdue - All contractors as at 27th January (report ran 3rd February (excluding stage 28 - repairs with Medway Council and stage 1 - record created))

### Notes

This graph provides data which monitors the percentage of urgent repairs that contractors have completed in time. Urgent repairs have been defined as those that should be completed within 5 wrk days or those that fall within the 3 or 7 wrk day RTR category. Please note following a review the categories that fall within the urgent category have been revised for 2010/11. Therefore a direct comparison with 2009/10 year end figure of 98% would not be accurate. The monthly figure represents a snapshot of the performance against target as it is at the time the report was run. To ensure that we achieve an accurate figure the YTD is calculated each month, this catches any updates made to the system.

EVERYONE BENEFITTING FROM THE AREA'S REGENERATION

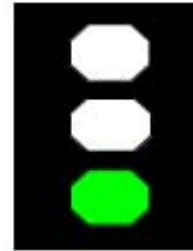
# Improve the Quality and Energy Efficiency of Housing

## Routine repairs - Mears Only

Indicator type  
CPI HOU\_HRA3/LPI

Monthly Target -  
% on time **96%**

Monthly  
Performance  
Against Target

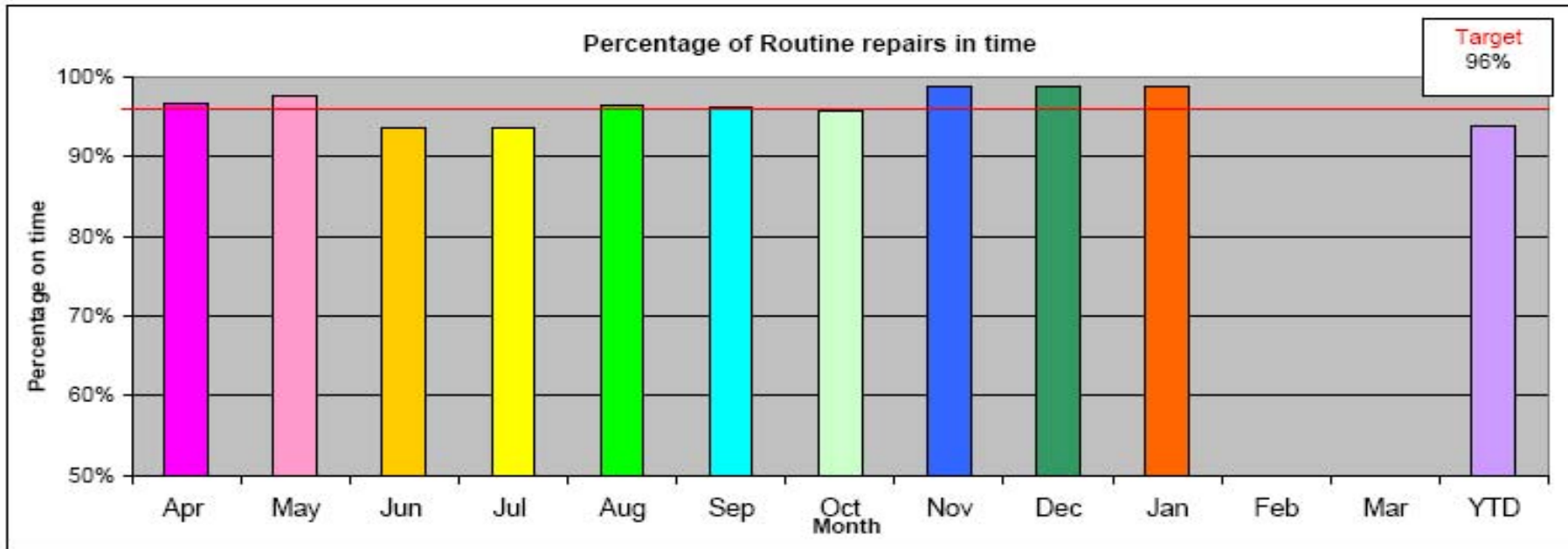


| Quartile Performance |            |       |
|----------------------|------------|-------|
|                      | QTR1 10/11 | QTR2  |
| 10/11                |            |       |
| Upper Quart          | 99         | 98.84 |
| Median               | 98         | 97.85 |
| Lower Quart          | 95.99      | 94.43 |

Source: Housemark National club (2500-5000 stock size - 03/12/10)

Manager: Marc Blowers

|                                | Apr    | May    | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    | Dec | Jan    | Feb | Mar | YTD    |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|-----|--------|-----|-----|--------|
| % of Routine repairs in time   | 96.77% | 97.68% | 93.53% | 93.55% | 96.42% | 96.25% | 95.80% | 98.73% | 99% | 98.71% |     |     | 93.82% |
| No. of repairs on time         | 210    | 337    | 289    | 232    | 269    | 334    | 365    | 388    | 423 | 383    |     |     | 3523   |
| Total no. of repairs completed | 217    | 345    | 309    | 248    | 279    | 347    | 381    | 393    | 428 | 388    |     |     | 3755   |



EVERYONE BENEFITTING FROM THE AREA'S REGENERATION

# Maximise the Supply of Suitable and Affordable Housing and Meet Need

## Average time to re-let Council dwellings (Calendar days)

Indicator type  
CPI H8

Monthly  
Target 25 cal days

Average time to relet - Monthly performance against target

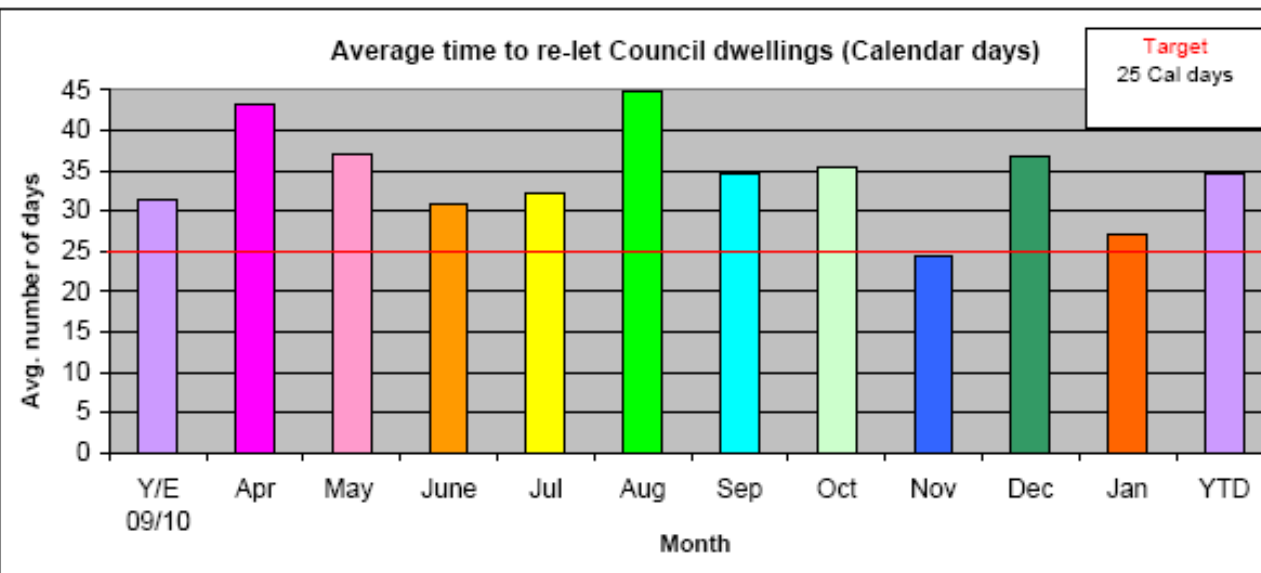


| Quartile Performance |            |            |
|----------------------|------------|------------|
|                      | QTR1 10/11 | QTR2 10/11 |
| Upper Quart          | 20.6       | 22.23      |
| Median               | 24.70      | 28.45      |
| Lower Quart          | 32.78      | 38         |

Source: Housemark National club (2500-5000 stock size - 03/12/10)

Manager: Derrick Singleton

|  | Y/E 09/10 | Apr     | May     | June    | Jul     | Aug     | Sep     | Oct     | Nov     | Dec     | Jan     | YTD     | Perf against prior month |
|--|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------------------------|
| Average time to re-let Council dwellings (cal days)          | 31.34     | 43.14   | 37      | 30.79   | 32.31   | 44.86   | 34.72   | 35.32   | 24.30   | 36.82   | 27.17   | 34.73   | ↓                        |
| Total normal void re-let days                                | 11096     | 1251    | 1517    | 893     | 937     | 942     | 625     | 671     | 559     | 810     | 652     | 8857    | ↓                        |
| Total number of voids re-let                                 | 354       | 29      | 41      | 29      | 29      | 21      | 18      | 19      | 23      | 22      | 24      | 255     | ↑                        |
| Total Number of current voids                                | 45        | 37      | 41      | 36      | 23      | 24      | 19      | 19      | 24      | 20      | 20      | 20      | →                        |
| % of rent loss through properties being empty - target 1.32% | 1.45%     | 1.42%   | 1.32%   | 1.32%   | 1.27%   | 1.13%   | 1.07%   | 1.00%   | 0.98%   | 0.94%   | 0.91%   | 0.91%   | ↓                        |
| Amount of rent loss through properties being empty           | £189,107  | £14,898 | £27,581 | £41,274 | £53,017 | £84,774 | £72,248 | £77,952 | £84,789 | £92,244 | £99,229 | £99,229 | ↑                        |



### Actions/Comments

Current voids report as at 1st February - 1 long term and 19 normal voids

January's performance has improved in comparison to December with general needs performance remaining steady. Sheltered needs letting has improved this month.

### Notes

This indicator shows the average number of days that it took to relet all our normal voids. This figure includes the normal void period of the long term voids and excludes the major works period.

EVERYONE BENEFITING FROM THE AREA'S REGENERATION





# MEARS - CUSTOMER CARE PERFORMANCE REPORT

## Responsive Repairs June 2009 to January 2011

| Month            | No. of Jobs Compl. | No. of Surveys Required (25% target) | No. of Surveys taken | % of Survey vs Jobs Compl. | Q1         | Q2           | Q3                          | Q4           | Q5          | Q6           | Q7            | Q8   |
|------------------|--------------------|--------------------------------------|----------------------|----------------------------|------------|--------------|-----------------------------|--------------|-------------|--------------|---------------|--|
|                  |                    |                                      |                      |                            | Time       | ID / Uniform | Polite / Friendly / Helpful | Explain Work | Respect     | Clean / Tidy | Safe / Secure | Did we carry out the works to your satisfaction? |
| June             | 525                | 131                                  | 95                   | 18%                        | 97%        | 99%          | 100%                        | 100%         | 100%        | 100%         | 100%          | 100%   |
| July             | 497                | 124                                  | 51                   | 10%                        | 95%        | 92%          | 100%                        | 92%          | 100%        | 100%         | 100%          | 100%   |
| August           | 400                | 100                                  | 56                   | 14%                        | 93%        | 95%          | 100%                        | 96%          | 100%        | 100%         | 98%           | 96%  |
| Sept             | 525                | 131                                  | 64                   | 12%                        | 98%        | 97%          | 100%                        | 100%         | 100%        | 98%          | 100%          | 98%  |
| October          | 568                | 143                                  | 71                   | 13%                        | 99%        | 99%          | 100%                        | 100%         | 100%        | 100%         | 100%          | 100%   |
| November         | 601                | 150                                  | 60                   | 10%                        | 98%        | 97%          | 100%                        | 100%         | 100%        | 100%         | 100%          | 100%   |
| December         | 497                | 124                                  | 50                   | 10%                        | 100%       | 100%         | 100%                        | 100%         | 100%        | 100%         | 100%          | 100%   |
| January          | 420                | 105                                  | 40                   | 10%                        | 100%       | 98%          | 100%                        | 100%         | 100%        | 100%         | 100%          | 100%   |
| February         | 613                | 153                                  | 77                   | 13%                        | 100%       | 100%         | 100%                        | 100%         | 100%        | 100%         | 100%          | 100%   |
| March            | 647                | 162                                  | 71                   | 11%                        | 100%       | 100%         | 100%                        | 100%         | 100%        | 100%         | 100%          | 100%   |
| April            | 546                | 137                                  | 52                   | 10%                        | 100%       | 100%         | 100%                        | 100%         | 100%        | 100%         | 100%          | 100%   |
| May              | 583                | 146                                  | 56                   | 10%                        | 100%       | 100%         | 100%                        | 100%         | 100%        | 98%          | 98%           | 100%   |
| June             | 650                | 163                                  | 64                   | 10%                        | 100%       | 100%         | 100%                        | 100%         | 100%        | 100%         | 100%          | 100%   |
| July             | 710                | 178                                  | 70                   | 10%                        | 100%       | 100%         | 100%                        | 100%         | 100%        | 100%         | 100%          | 100%   |
| August           | 591                | 148                                  | 57                   | 10%                        | 100%       | 100%         | 100%                        | 100%         | 100%        | 100%         | 100%          | 100%   |
| Sept             | 571                | 143                                  | 60                   | 11%                        | 98%        | 98%          | 100%                        | 100%         | 100%        | 100%         | 100%          | 100%   |
| October          | 597                | 149                                  | 59                   | 10%                        | 100%       | 100%         | 100%                        | 100%         | 100%        | 100%         | 100%          | 100%   |
| November         | 582                | 146                                  | 41                   | 7%                         | 98%        | 100%         | 100%                        | 100%         | 100%        | 98%          | 100%          | 100%   |
| December         | 376                | 94                                   | 36                   | 10%                        | 100%       | 100%         | 100%                        | 100%         | 100%        | 100%         | 100%          | 100%   |
| January          | 603                | 151                                  | 52                   | 9%                         | 94%        | 98%          | 100%                        | 100%         | 100%        | 100%         | 100%          | 100%   |
| <b>Overall %</b> |                    |                                      |                      |                            | <b>99%</b> | <b>99%</b>   | <b>100%</b>                 | <b>99%</b>   | <b>100%</b> | <b>100%</b>  | <b>100%</b>   | <b>100%</b>                                      |



# Improve the Quality and Energy Efficiency of Housing

## Gas Servicing Compliancy

Indicator type  
LPI

Monthly Target 100%

Manager: Derrick Singleton

Year to date Performance Against Target

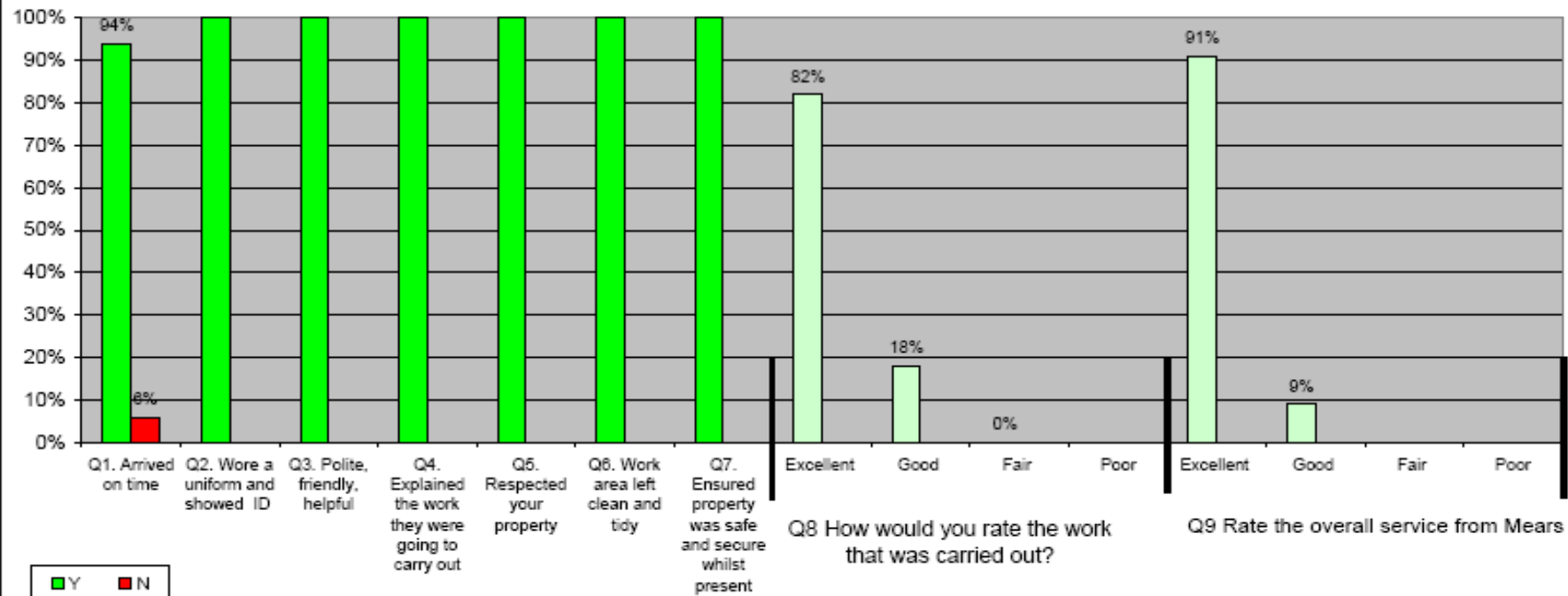


| Quartile Performance |            |            |
|----------------------|------------|------------|
|                      | QTR1 10/11 | QTR2 10/11 |
| Upper Quart          | 97.97      | 99.97      |
| Median               | 99.70      | 99.80      |
| Lower Quart          | 99.11      | 99.50      |

Source: Housemark National club (2500-5000 stock size - 03/12/10)

|                                 | YE 09/10 | Apr  | May  | June | July | Aug  | Sept | Oct  | Nov  | Dec  | Jan /YTD | Feb | Mar | Perf against prior month |
|---------------------------------|----------|------|------|------|------|------|------|------|------|------|----------|-----|-----|--------------------------|
| Gas Servicing Compliancy Figure | 100%     | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100%     |     |     | →                        |
| Number of LGSR's overdue        | 0        | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0        |     |     | →                        |
| Number of LGSR's on Contract    | 2770     | 2769 | 2768 | 2768 | 2771 | 2771 | 2772 | 2771 | 2771 | 2771 | 2771     |     |     | →                        |

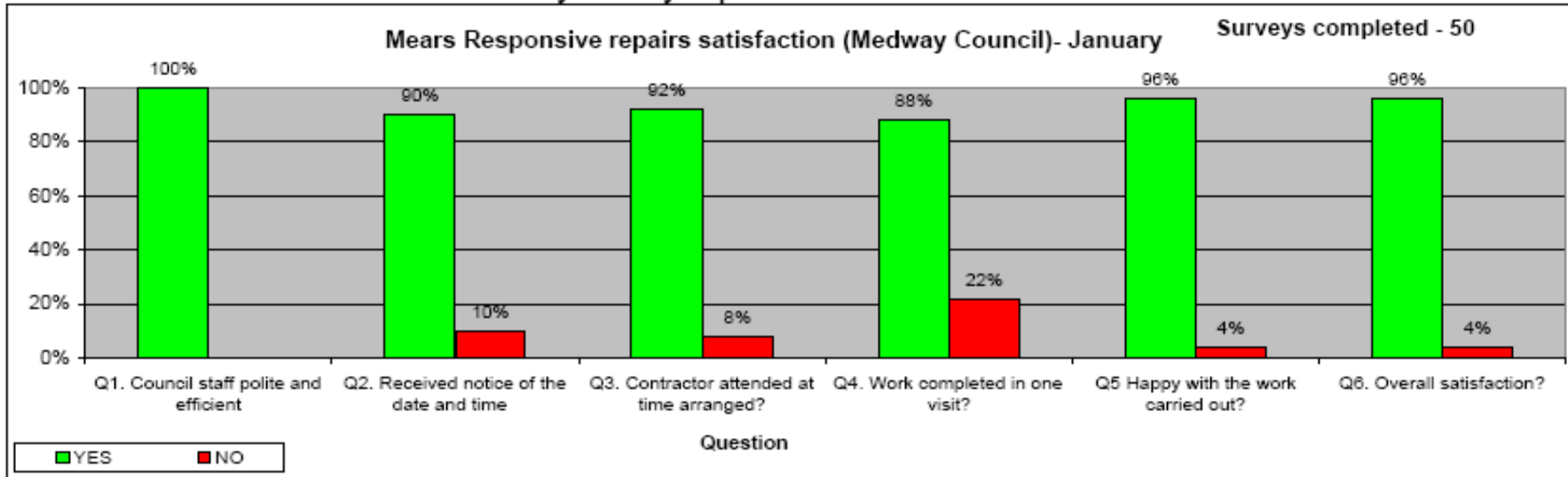
Mears Gas - Satisfaction Data (Mears conducted)- January Surveys Completed - 33



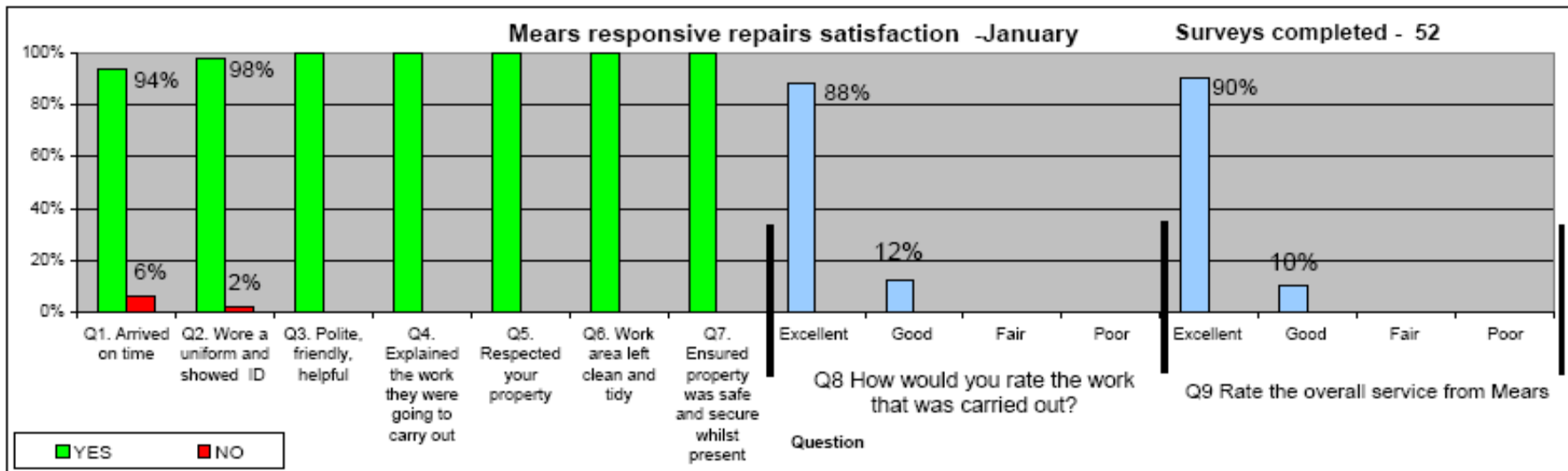
EVERYONE BENEFITTING FROM THE AREA'S REGENERATION

# Improve the Quality and Energy Efficiency of Housing

## Day to Day repairs satisfaction results



## Mears conducted



PUTTING CUSTOMERS AT THE CENTRE OF EVERYTHING WE DO