

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Executive Committee
Date:	19th May 2014
Subject:	Future of the in-house DLO Housing Services and new Repairs service
Portfolio Holder(s):	Councillor Kenneth P Hughes
Head of Service:	Shan L Williams, Head of Housing Services
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Local Members:	n/a

A –Recommendation/s and reason/s
<p>1.0 The ambition is to deliver an excellent repairs service and that local people will deliver this local service to Anglesey. It is recognised that the new service needs to be competitive and demonstrate value for money – all aspects of the service will be challenged for VFM and a detailed plan to achieve this has been developed.</p> <p>1.1 A comprehensive options appraisal of the future of Housing Service’s repairs service has been undertaken, having identified the need to transform and modernise the Building Maintenance service.</p> <p>1.2 The results from this appraisal exercise have concluded that a recommended option of retaining the service in house, but merging the client and contractor teams into one repairs service, whilst modernising and transforming the service would achieve the highest possible benefits for the service, at a reasonable cost.</p> <p>1.3 This is important, as the repairs service is the most visible of all of Housing’s services. By achieving excellence in repairs, this should also positively influence how tenants view their landlord as a whole.</p> <p>1.4 Tenants have also been consulted to gain their views on the current service received and what they would like to see improved and strengthened for the future. Tenants’ views strongly support the recommended option and also have endorsed the medium-term business plan 2014-2017.</p>

2.0 The Service now has a new strategic direction for the service and a new vision for the future. This is not just aspirational, the detailed Business Plan sets out what, how, who and when this vision for excellence will be achieved. A programme of transformation and modernisation of the repairs service will be introduced [see background papers to this Report], which will be supported by professional change management experts. Staff will be coached, mentored, trained and supported throughout.

2.1 The new Repairs service has set a target to be within the top 10% of social landlords in Wales within three years. Annual stepped targets for performance have been developed for each year of the plan which will ultimately result in this overall target being achieved.

2.2 The focus will move from inward looking to becoming outwardly customer focused. Customers will receive an improved, efficient and reliable service delivered in a way that suits them and will be able to influence how this is delivered through a wider range of customer involvement opportunities.

2.3 The review and business plan provides stability in the short-term in the context of the forthcoming Housing Act and its implications, current economic environment and unknown future around implications from the Williams Review.

2.4 The Transformation project of the Repairs Service will place the service in a strong position to test the market in 3 years' time.

3.0 In recommending this option, the Head of Housing Services has specified a number of requirements that must be met in order to give assurance to the Council and its stakeholders that future excellent service levels will be achieved and within a reasonable timeframe. These are as follows:

- i. That the restructuring of the proposed newly merged repairs service must be aimed to be achieved within the first six months of 2014/15, recognising that much of the transformational change with the teams cannot take place during this period and therefore it was important that this was carried out as quickly as possible whilst at the same time ensuring that all necessary staff consultation takes place;
- ii. That following the restructuring, the newly merged service would have a two year timeframe to embed the service and drive performance up to the levels expected of an excellent performing repairs provider. Should performance levels not be achieved, then the Head of Housing may wish to consider again the outsourcing of the service. This would however be the entire repairs service (i.e. client and contractor elements);

- iii. That an accommodation review be undertaken to enable the co-locating of teams within the newly merged service (wherever possible);
- iv. That the new service is underpinned by a comprehensive business plan demonstrating what, how and when the business improvements will be delivered and will set out the stepped performance targets to be achieved;
- v. That an independent VFM review and options appraisal of the stores function be conducted within the first six months of 2014/15;
- vi. That multi-skilling of operatives be implemented to ensure a flexible and responsive service, capable of delivering a high level of right first time repairs;
- vii. That the structure of the workforce be reviewed to ensure that the profile and number of trades matches the repairs demand from the housing stock;
- viii. That a trading account still be maintained in the newly merged service, to capture the income and costs of the contractor 'trading' element of the merged service, which will in term demonstrate its continued viability and VFM to the overall housing service;
- ix. That a review of sub-contractor usage and expenditure be undertaken during 2014/15 with the aim of reducing the current level of spend wherever possible;
- x. That during the first two years of the new service, a review of the model for delivery of the gas servicing and gas repairs be undertaken to ensure that a good VFM service is being achieved for the Council;
- xi. That the annual operational budget for 2017/18 for the combined client and contractor service is a minimum of £250k lower in real terms than the combined repairs budget for 2013/14. This will allow for sufficient time for the new service to 'bed in' and for VFM gains to be generated;
- xii. That the service will require external specialist transformational change support in order to realise the full ambitions of the service within the timescale required. It is expected that some of the costs of this investment will be offset by efficiencies generated during the transformational two year period.

4.0 Recommendations

Executive Committee is recommended to approve:

- R1.** The recommended option of retaining the service in house, but merging the client and contractor teams into one repairs service, whilst modernising and transforming the service.
- R2.** The strategic direction of the new Repairs Service outlined in the Report and appendix 1, detailed in the medium term Repairs Service Business Plan 2014 – 2017
- R3.** That the Head of Housing Services be given the approval to move ahead to implement the Business Plan.

B – What other options did you consider and why did you reject them and/or opt for this option?

There are a number of possible different options that Anglesey Council could consider as its delivery model for its repairs service in the future and these include the following:

Retaining the service in house with the existing client/contractor split, but working in future with more partnering principles and continuing to modernise the service;

Retaining the service in house but merging the client and contractor functions and modernising the service, supported by a challenging medium term DLO business plan to ensure that the vision, objectives and performance requirements for the service are achieved;

Outsourcing only the contractor side, i.e. repairs service delivery to customers is outsourced but client side management of the service retained in house. Note: this option could involve the taking of calls directly by the contractor from customers depending on Anglesey's requirements;

Outsourcing the total client, repairs delivery and gas servicing to an external contractor and professional contract management company. Note: this may or may not involve the taking of calls directly from customers depending on Anglesey's requirements;

Outsourcing parts of the service, e.g. possibly outsourcing the gas service, but retaining the general repairs in-house, or vice versa. Other possible options could be to outsource other elements of the service including the stores function to achieve greater VFM which many other social housing landlords have done;

Create a joint venture with a contractor in which the Council has a stake in the legal entity;

Establishing a social enterprise model for the delivery of repairs;

Lean Service model based on Wrekin Housing's recent award winning innovative approach to same day repair, based on lean thinking principles.

These options are considered in more detail in the Report presented to Corporate Scrutiny Committee 12/05/14 [appendix 1], *Reviewing the future of the in-house DLO Housing Services Report* and the *Repairs Services Medium-term Business Plan 2014-2017*.

C – Why is this a decision for the Executive?

Agree the new strategic direction for the Housing Repairs service

CH – Is this decision consistent with policy approved by the full Council?

In line with Council's Transformation programme

D – Is this decision within the budget approved by the Council?

Transformational change assistance will be funded by HRA (Housing Revenue Account). HRA Business Plan approved by Executive Committee, February 2014

DD – Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	Agreed with the recommendations of the Options Appraisal and Medium-Term Business Plan
2	Finance / Section 151 (mandatory)	<p>“The key to this is the level of savings projected within the plan which Finance believes is realistically achievable by the end of the project.</p> <p>The savings of £250k/annum will not be immediately available as will be absorbed by the costs of transformation. (This would also be the case if the decision taken was to outsource the service).</p> <p>The total cost of the transformation programme needs to be established as well as whether or not the programme is sufficiently resourced.</p> <p>The PI’s quoted in the report indicate performance issues which are being addressed in the business plan.”</p>
3	Legal / Monitoring Officer (mandatory)	
4	Human Resources (HR)	If the aim is to achieve the restructuring of the proposed newly merged repairs service within the first six months of 2014/15, consideration should be given to the timescale required for collective and individual consultation with staff regarding the proposed new structure within this period.
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	Verbal feedback will be given by the Portfolio Holder to Executive Committee, following Scrutiny Committee which meets 12 th May, 2014
8	Local Members	n/a
9	Any external bodies / other/s	

E – Risks and any mitigation (if relevant)	
1	Economic
2	Anti-poverty

3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	N/a
7	Other	Risks and mitigation actions included within the Housing Services Service Plan 2014-2015

F - Appendices:

Copy of report to Scrutiny Committee 12th May 2014

FF - Background papers (please contact the author of the Report for any further information):

Reviewing the future of the In-house DLO Housing Services, Isle of Anglesey County Council, February 2014, Solutions for Housing

Repairs Service Medium Term Business Plan 2014 – 2017, Housing Services, Isle of Anglesey County Council, April 2014

Notes from Tenant Group consultation 29/04/14

APPENDIX 1

Committee	Corporate Scrutiny Committee
Date	12th May, 2014
Title of the Report	Future of the in-house Housing Services Building Maintenance Unit [also known as the DLO]
Portfolio Holder	Councillor Kenneth P Hughes
Head of Service	Shan L Williams, Head of Housing Services
Author of Report	Shan L Williams

1.0 Introduction

- 1.1** A comprehensive options appraisal of the future of Housing Service's repairs service has been undertaken during quarter 4 of 2013-2014, having identified the need to transform and modernise the Building Maintenance service.
- 1.2** This Report is divided into two parts, Part 1 being around the review of the existing Building Maintenance Unit service and existing service action plans and part 2 on the medium-term Business Plan for the Repairs Service.
- 1.3** The review and business plan provides stability in the short-term in the context of the forthcoming Housing Act and its implications, current economic environment and unknown future around implications from the Williams Review.
- 1.4** The Transformation project of the Repairs Service will place the service in a strong position to test the market in 3 years' time.

2.0 Part 1 – review of existing BMU service

2.1 Possible Service Model Options

There are a number of possible different options that Anglesey Council could consider as its delivery model for its repairs service in the future and the following were looked at in detail:

2.1.1 Retaining the service in house with the existing client/contractor split, but working in future with more partnering principles and continuing to modernise the service;

Retaining the service in-house gives Anglesey ultimate control over the service delivered to customers but also responsibility for achieving the vision required by the Housing Service. A client/contractor split has been heavily criticised in the past by both the Audit Commission, the Chartered Institute of Housing and the Welsh Audit Office and therefore there would need to be a convincing argument and business case to justify its retention. Solutions for Housing would suggest that this could only be achieved if a senior management level post was created to oversee the work of both the DLO and the client side, effectively bringing the two sides together into a 'one team approach to repairs'. This would however be costly and it may be difficult to quantify what the level of value would be added to customers and the service as a result. A medium term business plan would be required to demonstrate viability and the service would need to continue with its modernisation agenda. This option would be easy to outsource in future if it did not meet the customer and performance standards required.

2.1.2 Retaining the service in house but merging the client and contractor functions and modernising the service, supported by a challenging medium term DLO business plan to ensure that the vision, objectives and performance requirements for the service are achieved;

This would involve restructuring the end to end repairs service and merging the client and contractor teams into one repairs team. The restructure would also necessitate a review of the current office accommodation arrangement as it would be essential that teams who predominantly work together should be located close together. This would also avoid the risk of 'the title badge changing but not the person'. This by its very nature would ensure a one team approach to repairs and would be relatively easy to integrate with the rest of the Housing Service. Anglesey Council would retain ultimate control over the service delivered to its customers, but also the responsibility for achieving the vision set by it. This merged service would avoid the considerable problems of the current structure such as: duplication in tasks as a result of the split service, poor communication, adversarial relationship, lack of joined up thinking across the repairs service and lack of strategic alignment with the Housing Service's vision. A medium term business plan would be required to demonstrate viability and the service would need to continue with its modernisation agenda. This option would directly address the concerns of the Welsh Audit Office.

2.1.3 Outsourcing only the contractor side to an external contractor, i.e. repairs service delivery to customers is outsourced but client side management of the service retained in house. Note: this option could involve the taking of calls directly by the contractor from customers depending on Anglesey's requirements; This would involve the Council undertaking a procurement exercise to outsource the contractor side of the service to an external contractor, but with the client side remaining in house however with a possible different structure than it has at present. Anglesey could opt for a fully compliant OJEU exercise, or has the option to use an existing procurement framework which would be less costly however it may provide some limitation in terms of the ability to focus the contract specifically on Anglesey's needs. There would also be potential ongoing costs of delivering the service through a framework agreement and if this is used, typically 3% of the annual contract value is payable to the framework itself.

Anglesey could choose from a range of options from a fully managed service, to one where the social landlord takes a more active involvement. In a fully managed arrangement for example, the contractor would take calls directly from the customer and would raise the job on their system, then interfacing this back with the clients system in 'real time'. They would perform pre and post inspections, with the client required to perform some level of post inspections to assure themselves of the quality being achieved. Pre-inspections would only be required on complex jobs outside of the norm, or above a certain financial threshold. Alternatively, the social landlord may want to take a more active role and this could be achieved by the landlord taking the calls from customers and booking appointment slots into the contractor's operatives diaries.

Different structures of contracts could be considered including open book accounting, schedule of rates contract, Average Order Value contracts, or a fixed core price for certain, but not all repairs, with the remainder of repairs being agreed on a schedule of rates basis. Other incentive mechanisms could be considered which may include for example, a pain/gain arrangement where the contractor could financially benefit if high performance levels are achieved, or alternatively would receive a reduction in their contract fee if these were not achieved. Ideally, this would be based on a balanced scorecard approach in which measures for cost, quality, performance and effectiveness in terms of customer satisfaction, be achieved before a financial 'gain' was paid.

In terms of the attractiveness of Anglesey's work to an outside contractor, the issue of geographical location needs to be taken into account. Contractors tend to place their best competitive bids for areas of work in which they already have a presence, which then secures economies of scale for the contractor. It should be noted that there is only Lovell Homes working in the North Wales area and this is on a new build contract rather than repairs, however there are a number of contractors delivering gas servicing and gas repairs contracts in the area.

There would be a need to consider TUPE issues for the Council's direct workforce and a thorough review of these issues must be considered at an early stage in the development of any outsourced service project plan.

2.1.4 Outsourcing the total client, repairs delivery and gas servicing to an external contractor and professional contract management company. Note: this may or may not involve the taking of calls directly from customers depending on Anglesey's requirements.

This would involve outsourcing the repairs to an external contractor, but also outsourcing the client management to a professional contract management company. A low level of senior management time would be required within Anglesey to manage this arrangement, thus releasing the landlord to focus solely on housing management issues. This however would result in a loss of control by the landlord of its repairs service however this could be mitigated by building in a balanced scorecard mechanism for the contractor to achieve and the contract management company to ensure it was delivered, with possible links to incentive mechanisms.

2.1.5 Outsourcing parts of the service, e.g. possibly outsourcing the gas service, but retaining the general repairs in-house, or vice versa. Other possible options could be to outsource other elements of the service including the stores function to achieve greater VFM which many other social housing landlords have done;

This would involve a procurement exercise which would result in another service provider delivering an element of the business. This commonly would be the gas service, or the stores functions and these have been delivered recently within North Wales at very competitive prices. This would enable the Housing Service to retain stronger performing parts of the service and outsource less stronger areas, or ones where VFM could be better demonstrated by delivery from outside the service.

2.1.6 Create a joint venture with a contractor in which the Council has a stake in the legal entity;

A joint venture option is the middle ground between an external and internal repairs service.

A joint venture would involve the creation of a separate legal entity in which both the repairs contractor and the Council would have a stake, but which the contractor would manage the day to day running of the service. This option allows the Council to benefit from the expertise of a private/commercial contractor whilst also providing it with a potential financial gain if economies were achieved in delivering the service. A further potential option is to joint venture with another registered social landlord.

A comprehensive management agreement would need to be put in place between the parties to ensure that the responsibilities of each party were clearly defined. It would be usual for the contractors IT systems to be used. This therefore carries a risk if the joint venture was not successful.

2.1.7 Establishing a social enterprise model for the delivery of repairs;

A social enterprise is a business that trades for a social and/or environmental purpose. The majority of its income is through trading goods and services and can only reinvest its surpluses in areas which pursues its social aims. These would generally be a separate legal entity such as a CIC (Community Interest Company) or an IPS (Industrial and Provident Society) and would be overseen by a separate board. This would be a completely new way of running the service and it should be noted that there is no other social enterprise currently in place to run repairs for a social housing landlord and therefore Anglesey would need to create its operating model from scratch which could be costly in terms of resources required to develop it. This option would also still retain a client/contractor split and TUPE would be an issue.

2.1.8 Lean Service model based on Wrekin Housing's recent award winning innovative approach to same day repair, based on lean thinking principles.

A recent development in social housing repairs delivery has been Wrekin Housing's same day fix service for repairs. This is modelled on the AA's model for car breakdowns and ensures that a very high level of repairs are attended and fixed the same day that they are reported. Customers of Wrekin Housing have reported very high levels of satisfaction with this service. This would involve the service mainly running on a continuous emergency service basis, but with flexibility to accommodate appointments where requested by tenants. This would be delivered using an internally provided DLO, but working with a completely different operating model to now.

A detailed options appraisal can be seen in the Review of the DLO – Solutions for Housing Report, February 2014 – **see appendix 1**.

2.2 The results from this appraisal exercise have concluded that a recommended option of **retaining the service in house, but merging the client and contractor teams into one repairs service, whilst modernising and transforming the service** would achieve the highest possible benefits for the service, at a reasonable cost.

2.2.1 This was considered the strongest option due to the following:

- **Ownership** - this option retains full ownership and control of the service by Anglesey (as opposed to outsourcing to an external contractor to deliver the service) and ensures that local services are provided by local people. By retaining full ownership, the service can also ensure full internal alignment with the strategic vision and objectives of the Council;
- **Flexibility** – by retaining internally, this offers a higher degree of flexibility to the Housing Service than outsourcing, which would involve a rigid contract specification being in place. It was thought that an internal service has the ability to respond quickly to emerging issues without the need to renegotiate the contract (including the possibility of additional payments) with an external contractor;
- **Value for Money** – the option would ensure that all the available resources were spent on the housing stock, rather than a proportion being paid for the contractor's profit. It is believed that efficiencies can be delivered with an in house arrangement and that a target minimum of £250k of annual savings is possible from retaining the service in house. The service would have a priority of

being customer focused, rather than being profit driven, but at the same time it was recognised that the internal service needed to develop improved commercial acumen and make more effective use of resources. Any savings generated can be retained by the Housing Service;

- **Integrated Service** – by merging the client and contractor functions together and bringing these closer to the Housing Service as a whole, it was felt that the service in future could act as one team, overcoming present problems surrounding communication, differing priorities, staff frustration and a blame culture. The new service would work on team-working principles within the context of working towards a shared goal of excellent services;
- **Risk** – this option avoids the risk of an external contractor going out of business;
- **Accountability** – there would be clear accountability in place as the newly merged service will be solely responsible for delivering its business plan and achieving its vision and strategic objectives. Senior managers will be held accountable for their decision making, actions and the resulting performance of their service;
- **Regulatory issues** – this option will directly address the concerns of the Welsh Audit Office’s report in 2012 and Solutions for Housing’s VFM and Service Review report in 2012.

2.2.2 Consultation with Tenants

An essential part of this service review is the voice of our customers. A group of Tenant representatives came together to discuss four key questions - these being:

- i) What’s important for customers from the Council’s Housing Repairs Service?
- ii) What’s good about the Repairs Service they currently receive from the Council?
- iii) In their opinion, what needs to be improved or strengthened?
- iv) How would they like to be involved to ensure excellence?

The meeting notes are appended in Appendix 3. Their recommendation is that “the Maintenance Services of the Council should be kept ‘in-house’ with one maintenance team. The Tenants felt that this would provide a more consistent and efficient service”.

3.0 Requirements to be met

3.1 In recommending this option, the Head of Housing Services has specified a number of requirements that must be met in order to give assurance to the Council and its stakeholders that future excellent service levels will be achieved and within a reasonable timeframe. These are as follows:

- i. That the restructuring of the proposed newly merged repairs service must be aimed to be achieved within the first six months of 2014/15, recognising that much of the transformational change with the teams cannot take place during this period and therefore it was important that this was carried out as quickly as possible whilst at the same time ensuring that all necessary staff consultation takes place;
- ii. That following the restructuring, the newly merged service would have a two year timeframe to embed the service and drive performance up to the levels expected of an excellent performing repairs provider. Should performance levels not be achieved, then the Head of Housing may wish to consider again the outsourcing of the service. This would however be the entire repairs service (i.e. client and contractor elements);
- iii. That an accommodation review be undertaken to enable the co-locating of teams within the newly merged service (wherever possible);
- iv. That the new service is underpinned by a comprehensive business plan demonstrating what, how and when the business improvements will be delivered and will set out the stepped performance targets to be achieved;
- v. That an independent VFM review and options appraisal of the stores function be conducted within the first six months of 2014/15;
- vi. That multi-skilling of operatives be implemented to ensure a flexible and responsive service, capable of delivering a high level of right first time repairs;
- vii. That the structure of the workforce be reviewed to ensure that the profile and number of trades matches the repairs demand from the housing stock;
- viii. That a trading account still be maintained in the newly merged service, to capture the income and costs of the contractor 'trading' element of the merged service, which will in term demonstrate its continued viability and VFM to the overall housing service;

- viii. That a review of sub-contractor usage and expenditure be undertaken during 2014/15 with the aim of reducing the current level of spend wherever possible;
- x. That during the first two years of the new service, a review of the model for delivery of the gas servicing and gas repairs be undertaken to ensure that a good VFM service is being achieved for the Council;
- xi. That the annual operational budget for 2017/18 for the combined client and contractor service is a minimum of £250k lower in real terms than the combined repairs budget for 2013/14. This will allow for sufficient time for the new service to 'bed in' and for VFM gains to be generated;
- xii. That the service will require external specialist transformational change support in order to realise the full ambitions of the service within the timescale required. It is expected that some of the costs of this investment will be offset by efficiencies generated during the transformational two year period.

4.0 Summary of the progress made on the previous action plans

4.1 The review found that positive progress is being made with the previous action plan developed in October 2012, with almost 60% of actions either being completed, or in-progress. However, further progress is required in a number of areas to complete the action plan. The consultancy company who has undertaken the review concluded that the service is moving in the right direction and that the client and BMU **teams are starting to build a track record of achievement.**

4.2 Summary findings following the review of the current working arrangements of the service

As the recommendation is to retain the service in house, but with a newly merged structure and a modern approach to service provision, the Consultants believe that the current difficulties being experienced can be overcome. The service will however need to be prepared to undertake a major transformation project in order to fully realise the ambitions of the Housing Service for repairs in terms of it being a modern, efficient and excellent service. The Consultants believe that this process will take an initial six months to restructure the team and then a further two years to drive the service up to the levels of an excellent service provider.

Part 2 - medium-term Business Plan for the Repairs Service

5.0 Developing a medium-term Business Plan

5.1 A key objective within the recommendations of the Solutions for Housing Report was to develop a medium-term Business Plan. Workshops and development sessions have been arranged with staff from Housing, BMU, Finance and Human Resources to develop the Business Plan 2014 - 2017, which is subject to scrutiny by Committee. [see appendix 2]

5.2 The new vision for the Repairs service is: **An excellent, customer focused Repairs Team, committed to delivering modern, efficient and high quality services, valued by our customers.**

5.3 Within this vision, it is recognised that transformational and cultural change is required and that the whole approach to the service needs to be modernised and become more flexible, adaptable, streamlined and innovative. In addition to the existing service of housing repairs, the scope for the future service would also widen to take into account the communities and environment in which properties are situated and also the seeking of new business opportunities from which surpluses would be used to reinvest back into the service. The Business Plan vision has therefore used the term 'customers' rather than 'tenants' to recognise the widening of service provision into possible non-tenant areas.

5.4 The new key objectives for this Business Plan have been developed around five themes as follows: People, Customers, Opportunities, Financial Viability & Value for Money [VFM] and Assets. These new key objective statements reflect the new vision and direction of the service and are as follows:

- ❖ **Our People** :To develop the skills and competencies of our people to deliver an excellent repairs service to our customers;
- ❖ **Our Customers and Service:** To know who are customers are and deliver a customer focused repairs service and provide a wide range of opportunities for all our customers to influence the service we provide;

- ❖ **Our Opportunities:** To seek and secure new business opportunities which make a positive financial contribution and from which surpluses may be reinvested back into the core business, or wider social objectives;
- ❖ **Our Performance and Achieving VFM:** To provide excellent levels of performance and a good level of VFM in everything that we do and remain financially viable;
- ❖ **Our Assets:** To adopt a holistic approach to repairs and investment, managing assets efficiently and cost effectively, and using good quality information to inform future programmes of work.

5.5 Culture of the Repairs Service - In order to achieve an excellent service, the culture of the Repairs Service will be further developed to become as follows:

- Professional;
- Customer focused – customer always first;
- Value for Money;
- Performance driven;
- Innovative – to survive and thrive;
- Right first time, every time.

5.6 Within the above culture, the Repairs Service recognises that it needs to develop its level of business acumen in order to ensure that services are cost effective, represent good value for money and that viability is maintained throughout the term of the plan.

6.0 Strategic Priorities

6.1 The strategic priorities to be addressed during this business plan term are fully explained in detail in the **Repairs Service Business Plan, 2014 -2017 which is within Appendix 2** of this Report, but have been captured in summary below:

6.2 Year One 2014 – 2015.

The focus of the business plan in the first year will be on the following:

- developing and implementing the new merged client/contractor team structure; conducting an accommodation review (linked to the Council's Smarter Working Project) to ensure that relevant staff are co-located, thus eliminating existing barriers and communication problems;
- carrying out a VFM review of the stores function and implementing any recommendations from it;
- reviewing sub-contractor expenditure to ensure compliance with procurement rules and VFM;
- bedding in new ways of working to include team and project based working and the Excellent Service Model (**Appendix H of the Repair Service Business Plan**);
- introducing a performance culture alongside robust financial management arrangements;
- commencing the evidencing of VFM gains and reviewing the requirements for trade operatives in line with the demand for trade work from the housing stock and to commence the multi-skilling of operatives.
- It is the intention that a transitional manager will be brought in to work with the teams during the period up to the newly merged team structure being put in place. Their role will be to oversee the client and contractor functions whilst they are still in their separate teams in order to ensure that team working is commenced at an early stage and they will also assist the team to deliver the key tasks outlined above. Once the merged team structure is in place then a Change Expert will be introduced to assist the new team develop the new ways of working/thinking and to project manage the change programme as set out within **Appendix C of the Repairs Service Business Plan**.

6.3 Year two 2015 - 2016

The second year will primarily involve driving the service to a two star 'good' service level to include:

- driving up performance levels towards upper quartile on key indicators (see **Appendix D of the Repairs Service Business Plan**) and achieving higher levels of customer involvement and scrutiny of the service.
- The implementation of the IT project will be completed;

- lean and systems thinking will be introduced to challenge the way in which the service is delivered to ensure that a simple, streamlined, modern and efficient service is the norm.
- The current approach to gas servicing and repairs will be reviewed for VFM.
- In addition, a more holistic and integrated approach to asset investment and repair will be adopted in which maintenance implications will be considered prior to investment being made, with the intention of lowering future maintenance costs.

6.4 Year three 2016 – 2017

This final year of the business plan term will see:

- the team driving the service towards excellence, achieving the performance targets as set out within **Appendix D of the Repairs Service Business Plan**;
- achieving high levels of right first time repairs for customers;
- identifying and securing VFM improvements plus the financial savings target to be achieved for 2017, and
- widening the focus of the service to take on other business opportunities outside the traditional scope of Housing (**section 6 of the Repairs Service Business Plan**).

6.5 Performance targets

The Business Plan provides performance targets which are realistic but also appropriately challenging and these show the stepped targets (i.e. the milestones to excellence) to upper quartile levels and demonstrates the intention for continuous improvement in those areas which are critical to achieving excellent service levels. The Repairs Service recognises that the major indicator of its performance will be excellent levels of tenant satisfaction with the repairs service.

The Business Plan provides a clear direction to the service and its staff and should also assist customers to understand how the strategic priorities are to be delivered.

Robust arrangements will now be put in place to ensure that the business plan is effectively monitored, managed and achieved. As the Repairs Service is a critical service to our customers and to their overall satisfaction with Anglesey Housing

Services, it is intended to report progress on the delivery of this Business Plan annually to the Council. This is in addition to the monthly Service Balanced Scorecard and quarterly performance monitoring meetings.

It should be noted that some aspects, in particular customer satisfaction levels of the Anglesey Housing Services Repairs Services is **within the top quartile of social landlords with under 5,000 housing stock units within the United Kingdom.**

6.6 Approach to Value for Money

The current approach to procurement within the Repairs Service was criticised within a recent Council Internal Audit report and therefore within this Business Plan term, the service will ensure that all areas of procurement activity are reviewed to ensure compliance with Council procurement rules. The service will commence its reviews with the highest levels of expenditure first, challenge them for VFM and procurement compliance and then implement solutions for increasing VFM whilst adhering to Council rules. It is the intention that the service will use specialist procurement experts where the necessary expertise does not exist internally.

Having now developed a clear vision for the future Repairs Service, the team will be able to fundamentally challenge the ways that it delivers its service and identify opportunities to secure improved Value for Money. The Repairs Service understands that with the continued threat from Welfare Reform policies, that it operates within a challenging financial environment in which future repairs budgets may reduce and therefore it must have a robust approach to seeking and achieving VFM from everything that it does. In order to ensure that VFM is delivered there will also be an increased commitment to tenant involvement, transparency and scrutiny.

To recognise how important Value for Money is, the service has agreed a separate, specific key objective for VFM, which is **‘to provide good value for money in everything we do’**. In order to achieve this, the service must aim to:

- deliver the right repair,
- to the right customer,
- at the right time,

- to the right quality,
- at the right (affordable) cost, and
- deliver repairs consistently right every time through efficient and effective operational delivery.

The Service's approach to VFM is detailed within the Business Plan [appendix 2].

A presentation will be given of the key aspects of the Medium-term business plan at the Scrutiny Committee meeting, and will be based on the detailed plan in appendix 2.

Recommendations

- R.1** Scrutinise the Report and Business Plan.
- R.2** Recommend to Executive Committee that they approve the recommended option of retaining the service in house, but merging the client and contractor teams into one repairs service, whilst modernising and transforming the service.
- R.3** Recommend to Executive Committee that approval is given to the medium term Repairs Service Business Plan 2014 – 2017
- R.4** recommend to Executive Committee that the Head of Housing Services be given the approval to move ahead to implement the Business Plan.

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