

London Borough of Merton

Report and recommendations arising from a scrutiny review of Housing Repairs Service



Regeneration and Public Realm Overview and Scrutiny Panel

March 2007

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Foreword by the review chair

I am pleased to present the report of the Housing Repairs Scrutiny Panel. Between July and February the task group met eleven times. In order to identify problems with the service we interviewed Merton's two MPs (Siobhan McDonagh MP and Stephen Hammond MP) and heard their perception of the service. We also talked to the Cabinet Member responsible and officers within the service. We held a public meeting, to give the users of the service an opportunity to have their say, and we sent a questionnaire to Councillors.

The main strand that kept re-occurring throughout the interviews was one of Communication between the various parties involved in providing the service.

It was explained to the task group how the service works in Merton and we saw examples of completed works and works in progress. We also travelled to other Boroughs (Sutton and Kensington & Chelsea) to see their repairs service.

Task group members have therefore had to work extremely hard and I pay tribute to them all. Special thanks are however due to our three co-opted members, Ann Moyies and Mick O'Brien, tenant representatives and Wendy Davies, leaseholder representative whose contributions were valued and much appreciated.

Naturally, none of our efforts could have borne fruit without the sterling work of our Scrutiny Officer, Michelle Roberts, much of whose work took place between meetings and ensured that the meetings were well organised and focused and all the visits took place smoothly and efficiently.

Councillor Russell Makin
Chair of the review task group

Report summary

In June 2006 the Regeneration and Public Realm Scrutiny Panel undertook a review of the housing repairs service in Merton. A task group consisting of four councillors and three co-opted tenant/ leaseholder representatives carried out this review.

We met eleven times between July 2006 and January 2007 and gathered evidence from a number of sources including:

- Public meeting and consultation exercise
- Local MPs
- Questionnaire for councillors
- Cabinet Member and the head of service for housing
- Visits to Chapel Orchard housing office in Merton
- Viewed completed scheduled/ programmed works
- Visits to other service providers (Kensington & Chelsea Tenants Management Organisation and Sutton Housing Partnership).

The purpose of the review was to recommend to Cabinet ways for improving the council's residential properties. The review included major works, void and responsive repairs (see *Appendix A for full terms of reference*).

The task group believed that putting 'customer needs first' was central to service planning and delivery and core when providing services to tenants and leaseholders.

A number of key findings and recommendations were identified and these have been detailed below.

Key findings and recommendations

Communication

Communication with tenants and leaseholders, between housing staff and departments within the Council were issues consistently raised throughout the review both from public consultation and through the evidence gathering exercise. Members acknowledged that improvements have been made and were happy with the measures put into place to improve communication issues but wished to highlight and make recommendations on the following areas:

- It was noted that some leaseholders found it difficult to understand what services 'were' and 'were not' available to them and that some of the information they receive is difficult to understand, particularly relating to charges. Members discussed this issue with the other service providers they visited¹ who currently provide their leaseholders with a handbook similar to that provided to tenants (but tailored for the leaseholder).
- It was highlighted that tenants 'want to know what is going on with their repair': that it can be tracked and traced when they call and that if a surveyor/ officer/ contractor needs to visit that a choice of time slots are offered including at least one evening until 7pm and Saturday morning.
- It was noted that a time slot system was being considered but the task group wanted to emphasise the importance and show their support for developing this provision.

¹ Sutton Housing Partnership and Kensington and Chelsea Tenants Management Organisation

Seems to be little co-ordination and lack of consistency with decision-making within different parts of housing department in relation to repairs. Manager and surveyor give different opinions, for example: the surveyor visits a property and says windows need replacing, the tenant then later receives a letter saying replacement was not needed.

(Stephen Hammond MP Task Group 9/8)

Council and leaseholders need to work better together, communications is a big problem.

(Leaseholder at Repairs event 23/9)

I appreciate council staff have a difficult job with managing resources, and various calls on their time but from my experience with the repairs service I would say a major area to look at is communication. Tenants and leaseholders should be kept informed as to what's going on with a repair.

(Tenant/ leaseholder comment)

I reported the lock broken on the front of my flat 7 weeks ago both by email and phone and have not had a response. So I do not have a good impression of the speed of repairs by the council.

(Tenant comment)

- We were conscious of the importance of services being designed around the customer but agreed that it can be very difficult managing expectations. The task group noted that overall customer satisfaction had improved by 5% in the annual residents survey and would like to see the Authority continue to improve on this figure.

It is recommended that:

- R1a Tenants are kept informed of what is happening throughout the cycle of their repair.**
- R1b When a contractor/ surveyor is unable to make an appointment or is to be delayed that the tenant is contacted as soon as possible.**
- R2 A system of time slots for appointments for tenants/ leaseholders with surveyors, contractors and inspections is developed.**
- R3 Tenants and leaseholders are given the choice of an evening appointment (until 7pm) and Saturday morning, as well as normal office hours.**
- R4 Improve communication between different parts of the housing repairs services - ensuring a consistent approach to customers.**
- R5 Customer satisfaction questionnaires are sent to all tenants before the repair is signed off and that the information from these is looked at in conjunction with completion inspection information to ensure a consistency in standards and quality of work.**
- R6 A leaseholders' handbook be produced and distributed to all leaseholders and be placed on the Council's housing web page.**
- R7 The breakdown of service charges sent to leaseholders be produced in a clear and easy to understand format.**

Repair issues

It was recognised that the housing repairs service had improved greatly over the last two years,² and was proving to be a more centralised and focused service. Members were happy to see a number of new initiatives being progressed, but did highlight the following issues and wished to make a number of recommendations directly relating to actual repairs:

- It was acknowledged that some tenants would like small jobs done by the council that are currently the tenants' responsibility, for example, changing tap washers. The task group felt that the major issue was to ensure that tenants are fully aware of what they are responsible for/ not responsible for and that information must be made clearly available in the tenants' handbook and on the housing web pages.
- We recognised that some people, who are elderly, infirm or have a disability, may find it difficult to do these small jobs themselves. The task group therefore agreed that 'assisting' or 'giving advice' to these tenants should be explored.
- Members wished to congratulate the department on the success of the handyman service for council tenants. They recognised that this service was an important addition to the repairs service 'set of tools' for ensuring a public focused and efficient service.
- It had been highlighted that the historical information on repairs and details of the state of individual council properties in the borough was limited³. The task group were of the opinion that it was essential that a full record of information on each of the council's residential assets are kept in one place.

Lack of central heating and replacement of windows - St Helier, elderly and vulnerable miss out in programmes. There seems to be lots of elderly people who need heating but do not know their way around the system. Need to work more with other agencies so message/details of these people gets through to housing (focus particularly on agencies that go into peoples homes). Would be good to let agencies know about central heating medical policy. They can then identify and refer to housing. This should also include councillors. *(Siobhain McDonagh MP Task Group 9/8)*

The process of inspecting the completed works should be reviewed. Too often I find that the work has been completed, but that the job is not done to a sufficient standard, resulting in workmen having to return and fix the problems. The result of this is two visits for the same problem, with the associated extra costs. *(Response to Councillor questionnaire)*

Better 'quality of diagnosis' of what is required is needed. *(Stephen Hammond MP Task Group 9/8)*

There is a lack of centralised information with regard to the repairs and maintenance work that has been carried out historically on properties. I believe that it is not possible to find all the data/correspondence in one file, as a result officers are often unable to communicate effectively with leaseholders. This leads to an air of mistrust and protracted discussions, which harm the prospects for both leaseholders and tenants alike. *(Response to Councillor questionnaire)*

Always seems to be lack of money – patching up rather than quality repairs or replacement. *(Repairs event 23/9)*

Relationships with utilities, for example Thames Water, recently issue with low water pressure in Laburnum Rd in Figges Marsh was not dealt with for a long period of time because of disagreement between council and Thames Water as to who is responsible. *(Siobhain McDonagh MP Task Group 9/8)*

² The service was restructured in December 2005

³ This is currently being addressed through a house condition survey

- The issue of patching up, rather than dealing with the root problem, was expressed quite strongly through the consultation exercise. The task group recognised that this was due to limited resources and were pleased to see that a better, more preferable balance of 70/30 split between reactive and planned repairs was being implemented.
- It was believed that consideration should be given to empowering the call centre staff to make decisions about certain small works/ repairs, which would result in time being saved by both the tenant and the authority.
- We were pleased to hear that diagnosis at first call had improved greatly and that this should continue to progress, with the development of an enhanced recording and analysing database and through staff training.
- The need for information to be kept not only on the property but also on those residing within those properties was identified. Information on special requirements including for example language spoken, Braille, etc should be kept to ensure that we are communicating effectively with our customers. It was felt that the authority must be careful not to just provide a 'blanket' service that does not take consideration of people's individual requirements.
- Information on the options appraisal and partnering process was looked at. It was noted that in June 2006 an options appraisal for all repairs contracts was carried out. The appraisal recommended that partnering be explored, particularly for the responsive repairs service. It was clear that the repairs service has improved and the task group was told that the next step building upon this success was with partnering arrangements that clearly focus upon the customer. We were pleased to see partnering being progressed but would like the Regeneration and Public Realm Scrutiny Panel to monitor progress in this area.

It is recommended that:

- R8 Information on who is responsible for what type of repair (tenant or council) be placed in the Tenants' Handbook and on the Council website.**
- R9 Those people who have difficulties doing the repairs themselves (people with a disability or who are infirm) be assisted or given advice on dealing with the repairs they need. The decision on competence is made on an individual basis.**
- R10a The database recording tenant and leaseholder information be updated to include information of any special requirements that tenants may have (including language to be contacted in, Braille, etc) in order to ensure that we are effectively communicating with our customers.**
- R10b The repairs service work with its partners, voluntary/ community groups and ward councillors to identify and assist those people who are eligible for heating installation/ replacement programmes, etc.**
- R11 The information held on the Council's housing asset database be improved so that the current state and history of each property can be retrieved.**
- R12 The task group recommend that a protocol be prepared to empower the call centre staff to make decisions about certain small works/repairs**
- R13 A target timescale be set and monitored for 'the completion of repair orders from the day of visit by surveyor/contractor'.**

R14 The Regeneration and Public Realm Scrutiny Panel regularly monitor how Merton is exploring partnering and how the Council intends to deliver this partnering in the responsive repairs service. The task group recommend that the monitoring takes place every six months.

R15a Relationships are fostered with the utility companies in order to eradicate future confusion and delay.

R15b The task group recommend that consideration be given to negotiating a target time with utilities for the resolution of such issues.

Other issues

A number of further issues arose throughout the review that the task group wished to highlight including:

- The importance of the authority using sustainable materials and emphasising that new technology be investigated and seriously considered when renewing/ replacing current equipment.

Many people do not realise there is access to, in certain circumstances, energy efficient/ saving items including central heating, boilers, etc. *(Task group 9/8)*

Service currently in transition – objective to bring staff in different teams together to eradicate silo mentality. Cultural change is important – right structure, skills and people. *(Site visit Chapel Orchard 12/10)*

After speaking to the other service providers relating to the benefits of completing a 'peer review' the task group considered that the housing repairs service might benefit from the eye of a 'critical friend'. The task group agreed that it is important that the information and recommendations contained in this review be considered when developing the new housing strategy and when looking at the future of the housing stock options, particularly those views expressed by the users of the service.

It is recommended that:

R16 Tenants and leaseholders are given advice and information on energy saving initiatives that may be available to them.

R17 New technologies and sustainable replacements are used/ investigated when renewing existing equipment, e.g. heating systems

R18 The task group wish to recommend that a 'peer review' of the housing repairs service takes place.

R19 All repairs service staff continue to receive a staff appraisal on a yearly basis, regular one to ones with their line manager and that regular team meetings, to ensure consistency, are held.

R20 The contents of this report including the views from the public are considered when developing the Housing Strategy for 2007 onwards and when looking at future housing stock options.

A checklist of costed recommendations can be seen in Appendix D.

London Borough of Merton - Scrutiny Review of Housing Repairs

Volume of Evidence

Background Evidence

1. Introduction and Context

- 1.1. The Regeneration and Public Realm Overview and Scrutiny Panel agreed to carry out the review of the Housing Repairs service at its meeting on the 22 June 2006.
- 1.2. A task group containing four councillors and three co-opted tenant/ leaseholder representatives was set up and a scope/plan for the review was developed, which was agreed at the Regeneration and Public Realm Overview and Scrutiny Panel meeting on the 13 September 2006.
- 1.3. The purpose of the review (full copy/ terms of reference for the review in Appendix A) was to: *'develop a set of recommendations designed to provide a cost effective repairs service for the LB of Merton's residential properties'*.
- 1.4. The task group carried out the review as follows:

Date	Action
5 July 2006	Discussed scope/terms of reference for review
26 July 2006	Agree scope and timetable/project plan
9 August 2006	Spoke to local MP's
23 August 2006	Site visit to sites/areas of major scheduled works
20 September 2006	Meet to prepare for 'Repairs Event' on 23rd
23 September 2006	Repairs Event – tenants/leaseholders invited to a meeting held in the council chamber.
12 October 2006	AM – Site visit to Sutton Partnership ALMO PM – Site visit to Chapel Orchard Housing Offices
25 October 2006	Question and answer session with Cabinet Member Diane Neil Mills and Head of Housing Jo Williams
22 November 2006	<ul style="list-style-type: none"> • Customer satisfaction and survey results • Service comparative data (other local authorities)
14 November 2006	Site visit to Kensington and Chelsea TMO
10 January 2006	Meet to discuss conclusions and recommendations

- 1.5. Merton is a South West London Borough bordering on Wandsworth, Lambeth, Croydon, Sutton and Kingston-upon-Thames. There are three main population centres: Morden, Mitcham and Wimbledon.
- 1.6. The area has a population of 192,300⁴. An increase of 2.3 per cent since 2001. Twenty five percent of the population come from black and minority ethnic backgrounds.
- 1.7. There are approximately 77,000 households in the borough of which 85 per cent are privately owned or rented, 9 percent are owned by the Council and 6 per cent are owned by registered social landlords. The average house price is £293,238⁵.

⁴ ONS Census 2004

⁵ Land Registry –April-June 2005

- 1.8. Unemployment is 2.5 per cent, in line with the national average, although this rises to 5.4 per cent in the eastern Wards of the Borough where there is a higher level of deprivation. In the eastern Wards the average household income is 23 per cent lower than the borough average, there is a higher proportion of people without any qualifications and a greater concentration of people with a long-term limiting illness.

2. The housing repairs service in Merton

- 2.1. Merton Council's stock comprises 6,595 tenanted properties and 2570 leasehold properties. It also has responsibility towards 780 freehold properties. Only 109 homes were built after 1980. There are four blocks over ten storeys.
- 2.2. There is limited information on the profile of housing repairs customers (e.g. ethnicity, gender, age, etc); this is currently being addressed.
- 2.3. There are a number of Acts of Parliament placing a responsibility on the Council to maintain its housing stock. Under the Landlord and Tenant Act 1985 (S11) the Council has an obligation to ensure the structure and exterior of its properties are maintained in a good state of repair. The Council is therefore legally bound to provide this service.
- 2.4. The Housing Revenue Account (HRA) is the account, which covers the work carried out by the Council as the Landlord. It is different from the council's other accounts, the rules of this expenditure and income are set by the Local Government and Housing Act 1989. It receives income from rents and other charges that tenants pay and from the Government through housing subsidy. The money in the HRA is then used to pay for the management of the housing service including the repairs and maintenance of the housing stock and for repaying money borrowed to pay for major works.
- 2.5. There are a wide variety of ages and property types. Most of the houses are in the south and west of the borough, many of them on the 1930s, ex-Greater London Council St Helier Estate. Many of the flats are located in seven 1950s deck access estates. The Council also owns seven more modern high-density developments, some of which have major design problems.
- 2.6. A full stock condition survey in 2002 illustrated £82m needed to be spent over a five year period to bring all properties up to modern standards as well as meet the Decent Home Standard⁶, excluding the cost of responsive repairs. It was estimated the Council would fund £25m from the HRA leaving a shortfall of some £57m. This means that while we will be able to meet the Government's Decent Homes targets, the council cannot bring all the homes up to the modern standards (for example, with central heating, replacement windows, modern kitchens and bathrooms) that tenants have told the authority they would like to have.
- 2.7. The Council's current housing repairs and maintenance services are delivered via traditional contracts. There are currently nine separate term contractors and up to 28 contracts for the capital program each year. The present value of these services is in the region of 9.74m per annum

⁶ Decent Homes Standard – for more information see strategy on www.communities.gov.uk

2.8. Corporate Assessment 2007

The Corporate Assessment looks at how well Merton works as an organisation, and with its partners, to improve outcomes for local people. It examines:

- how clear we are about what we are trying to achieve;
- whether we have the capacity to deliver our ambitions;
- whether we manage performance to meet our targets; and
- as a litmus test, what has actually been achieved.

Our last Corporate Assessment was in 2002, and we were rated an overall 2 (out of a possible 4). The authority has improved significantly since then we are setting ourselves a target of at least a 3 in 2007.

Key lines of Enquiry (KLOE) is a tool used to access and measure the effectiveness and efficiency of a service, in this case the 'strategic approach to housing' KLOE.

Housing Inspectorate Key Lines of Enquiry (KLOE) - The strategic approach to housing KLOE is intended to cover the following areas:

- Access, customer care and service user focus
- Diversity
- Strategic approach to housing
- Making the best use of existing housing
- Enabling the provision of more housing to meet needs
- Value for money

Strategic approach to housing KLOE v April 2006

The Corporate Assessment takes place in March 2007 and is the opportunity to demonstrate achievements that have been made over the last few years both locally and nationally.

- 2.9. The housing services within the London Borough of Merton have had three audit commission inspection over the last three years that impinge on the service they provide including:

Housing and Temporary Accommodation

The Audit Commission has assessed Merton council as providing a 'fair' one-star service that has promising prospects for improvement in June 2006.⁷

Applicants have good access to the service and are given realistic housing options without having to go into temporary accommodation. There here has been a range of service improvements that are a key priority for the organisation and have had the greatest impact for service users.

Abstract from Audit Commission Housing and Temporary Accommodations Report June 2006

Supporting People

The Audit Commission has assessed Merton council as providing a 'fair' one-star service that has uncertain prospects for improvement in December 2006.

⁷ Full Audit Commission Inspection reports can be found on Audit Commission website www.audit-commission.gov.uk

The Audit Commission inspection team gave the service one star out of a possible three because vulnerable people are happy with the services they receive. Services had been improved, and new ones developed for some residents. However, some client groups are not well lined into the programme, and the needs of people with mental health, drug and alcohol problems are not well represented in decision-making.

Abstract from Audit Commission Supporting People Report December 2006

Housing Services Inspection Report – December 2003

The Audit Commission in 2003 assessed the council as providing a 'fair', one star service that has uncertain prospects for improvement.

The inspection team made the following recommendations for service improvement:

- To put in place a clear, decisive and realistic project plan to address the future plans for rationalising and streamlining the provision of housing management services.
- To review current plans/strategies to ensure they support corporate aims/objectives.
- Work with tenants and leaseholders in finding a successful solution on how to improve the effectiveness of the current tenant participation structures which includes addressing the perception and priorities between tenants and leaseholders.
- Work with residents to establish more effective methods of communication and consultation, using the outcome from this to assist with service improvements.
- Develop a fully effective tenant compact and drive through the plans for local compacts as these are essential to developing further participation.
- Consider establishing a separate leasehold forum where issues specific to leaseholders can be raised.
- Implement the improvement plans for estate inspections, following the survey of tenants recently carried out, ensuring they are consistent and cover smaller blocks.
- Advise service users and councillors of the specific service standards they can expect in all service areas and publicise remedies available for service failures - including financial compensation.
- Set, monitor and report performance against service standards to enable residents to assess the quality of service.
- Establish a system to record all comments and use the information to develop/help improve services.
- Agree a consistent in-house approach on the use of interpretation and how to deal with customers faced with difficulties accessing the service.
- Ensure that the performance monitoring and reporting systems are fully bedded within the service, clear published identifiable targets for service users, councillors and staff.
- Carry out a review of the effectiveness of the appraisal system to ensure adherence to guidelines and effective links with corporate and department objectives.
- Improve tenancy information and introduce a clear policy on tenancy checks to ensure illegal occupancy is not occurring.
- Provide a lettable standard in conjunction with residents to ensure there is a clear understanding of the quality new tenants can expect.
- Start and complete the project on the re-writing of the housing management procedures and review the housing public documents as this is essential to the efficient and effective running of the housing service.
- Introduce a system of service level agreements for internal and external providers and ensure an understanding and awareness of their relevance to service delivery. This will assist in performance management.
- Consider appropriate funding post April 2004 to sustain the wardens scheme.
- Put effective qualitative performance measures in place to ensure that caretakers providing support for new tenants meet the needs of those tenants and provide the appropriate feed back to managers.
- Develop the systems to allow the service to benchmark and share good practice from internal and external providers.
- Put in place a realistic plan to address the concerns raised by staff and residents about the restructuring process.

Audit Commission Report – Housing Services December 2003

3. Initiatives and new developments in service delivery

3.1. A number of new initiatives have recently been introduced along with those being given consideration, including:

3.2. Options Appraisal

The Options Appraisal⁸ process relates to for procurement and delivery of the repairs and maintenance services along with planned and capital works, including Decent Homes. It considers alternative methods for the future delivery and procurement of all the aforementioned services with the purpose of improving performance, better value for money and increased tenant satisfaction. There are a number of options but at present we are currently looking primarily at:

In respect of repairs and maintenance services:

- A service delivered under a traditional contract
- Under a partnered agreement
- A combination of both of the above
- In collaboration with another department within the council
- In collaboration with a neighbouring authority
- Via an in-house team (DLO) or,
- Forming or joining a consortium with other local authorities housing organisations.

In respect of the planned and capital works services:

- Continue as we are
- Develop individual framework agreements with a number of suppliers
- Single provider of all works for the whole borough
- Similar to (c) but with multiple providers

The audit Commission Key Line of Enquiry No. 3 (KLOE) stock investment and asset management, specifically refers to how social landlords should be demonstrating how they are achieving 'significant cost savings/or quality improvements by employing partnering methods and incentives' and 'employs partnering arrangements with contractors and uses a range of Egan Initiatives⁹ to provide an improved range of services.'. Audit Commission inspectors will be looking at how the Council can demonstrate they are implementing this. This will need to careful consideration if housing services wishes to move from a one to a two star status. To achieve this a fair one-star service the Council is expected to have given serious consideration to partnering arrangements and other Egan initiatives.

Analysis of different options available suggest that:

- a) The council seeks interested providers to enter into a partnering arrangement for the responsive repairs and maintenance service and include within this the fire precaution service.
- b) The partnered service should be for a period of seven years with an option to extend for a further three years in one-year increments.

⁸ Options Appraisal document for procurement and delivery of repairs and maintenance services, planned and capital works – 29 June 2006

⁹ Egan Initiatives are principles based on a report call *Rethinking Construction*, a report launched by Sir John Egan and Deputy Prime Minister John Prescott in 1998, outlining improvement targets for the construction industry, and ways of meeting them. It also advocates the use of key performance indicators.

- c) Gas repair and maintenance services should be procured under a traditional client/contractor arrangement following a competitive tendering exercise for a period of five years with an option to extend for a further year.
- d) The servicing and maintenance of lifts should, initially, be procured under a traditional client/contractor arrangements following a competitive tendering exercise for a period of five years.
- e) The existing contract for repair and maintenance of electronic door entry systems should be extended for a period of six months and then re-let under a traditional contract.
- f) Planned and capital works (including Decent Homes) should be procured under a four-year contract with a single supplier for the whole of the borough. The contract will be all programmed works. It is proposed to bring in-house the work currently provided by external consultancies in managing existing contracts.

A period of seven years for the partnered responsive repairs and maintenance service has been chosen to attract higher quality interest and to be attractive investment to potential partners. Partnering has not been selected for all areas of the service as it is felt that a period of stability is required during which we can gain experience and knowledge of partnering can be gained and to evaluate its effectiveness and potential. At a later date the Council will be in a better position to consider this method of deliver in other areas of the housing repairs service.

	2006	2007	2008	2009	10	11	12	13	14	2015	2016	2017
<u>Responsive repairs and maintenance</u> (including voids, fire precautions)	Extension period		Partnered service Apr 2008 – Mar 2014							Extend for up to three years and one-year increments		
<u>Lift servicing and maintenance</u> (possibly including lift refurbishments)	Extension period	Traditional Contract Apr 2007 – Mar 2012						Consider options. (e.g. extend contract for a further 2-years or consider inclusion under the partnered service)				
<u>Servicing and maintenance of electronic door entry systems</u>	Extension period	Traditional Contract Oct 2007 – Sep 2012						Consider options. (e.g. extend contract for a further 2-years or consider inclusion under the partnered service)				
<u>Gas Servicing</u> (inc. planned and responsive repairs)	Extension period	Traditional Contract Apr 2007 – Mar 2012						Consider options. (e.g. extend contract for a further 2-years in one year increments or consider inclusion under the partnered service)				
<u>Planned & Capital Works</u> (not inc. Decent Homes works)	As already planned	Specialist works procured on an individual basis under traditional contracting arrangements. (e.g. flat roofs, concrete works).										
<u>Planned & Capital Works</u> (inc. Decent Homes works)	As existing plans	Traditional Contract (under new specification) with a single supplier Jun 2007 - May 2011				Consider options (e.g. consider inclusion under the partnered service)						

Table 1 Delivery of areas of housing repairs service

3.2 Handyman service for council tenants

The introduction of a new Direct Service Team follows a successful handyman pilot scheme set up in February 2006 to look at new ways of delivery repair services to council tenants. By using a handyman to complete small jobs, real benefits have been seen in the first four months of the pilot, both in terms of value for money and

customer satisfaction. The pilot has shown that savings of around £150,000 a year may be achievable as well as providing a quicker response to tenants.

3.3 The housing repairs service is also working on a number of other service improvements including:

- New appointment systems are being developed that will give tenants an appointment slot. Will also make it easier for staff to make and track appointments.
- Looking at staff cover in call centre to deal with peaks and troughs of calls.
- Shift from urgent to routine work – was heavily loaded on urgent, should be 70/30.
- Diagnosing requirements at initial call -getting the right information on initial call – diagnosing what tenant needs. Then targeting the right responses, was a training issue.
- Developing better working relationships with contractors in order to achieve targets.
- Schedule of rates improved.
- Stock condition survey currently being completed.

4. Housing Stock Options

4.1. History of stock options

As required by Government, the Council carried out a stock options appraisal in the first half of 2005. At the time, the view expressed by the majority of Merton tenants was that they wanted to retain the Council as landlord. However, tenants also said that they wanted to continue to explore ways in which greater investment in their estates might be achieved. In view of this, the agreed outcome of the options appraisal was:

- A clear strategy of stock retention for the housing stock as a whole as a means of meeting the minimum Decent Homes Standard.
- Further work be undertaken at local level to identify and engage in discussion with residents who wish to consider ways in which the homes on their estate or area might secure improvement and modernisation over and above the minimum Decent Homes Standard.

4.2. Housing stock in Tadworth

Senior Officers from Housing Services have been discussing with Reigate and Banstead Council and the Chief Executive of Raven Housing Trust, the potential for the transfer of housing stock in Tadworth, which lies outside the borough of Merton. Raven Housing Trust now manage all of the stock in this area with the exception of 164 tenanted and 62 leasehold properties still owned by Merton. There are also six commercial premises owned by Merton within the estate. The Tadworth estate was identified as an area particularly suitable for further discussion with residents at local level about investment needs because:

- There is also a proposed regeneration plan for the Tadworth area led by Reigate and Banstead Council and Surrey County Council, and
- Tenants can now see the improvements that previous London Borough of Sutton tenants are benefiting from since they transferred to RBHT.

4.3. Merton's housing stock today

Due to the increasing subsidy repayments to Government (25% or £6.4m of rental income in 2006/07), and the weakening position of the Housing Revenue Account, (HRA), the Council is unable to significantly invest in its properties and carry out

much needed major works and repairs. There is therefore a need to determine a strategy for the future of the Council's housing stock.

As required by Government, the Council carried out a stock options appraisal in 2005. This required the Council to state its intentions for the future of the housing stock and its ability to achieve the Decent Homes standard by 2010. This appraisal showed that full modernisation of the stock through to 2010 would cost around £101m. The investment need had increased due to deterioration of the stock and inflation. It was estimated that the HRA would fund £28.6m and £4.4m would be borrowed through Merton's Supported Capital Expenditure (SCE) allocation. The shortfall had therefore increased to £68.4m.

4.4. Decent Homes Standard

The Options Appraisal was predicated on an estimated baseline of 40%, (we have reduced this to 24.8% to date through management action to improve properties), of the stock being classed as non-Decent. However, further more recent work, which will be concluded by January 2007, leads us to believe that this original estimate is incorrect and the figure should have been in the region of 70%. This is because, in common with many other Local Authorities, Merton adopted the methodology of 'cloning'; Determining Decent Homes needs and costs for its entire stock based on a surveyed sample of around 15%. This has proved to be a flawed process resulting in an under projection. Accurate costs and figures can only be calculated once individual properties are surveyed, or at the very least, a much higher percentage of properties are sampled.

An increase in non-decency will affect the Council's ability to meet the Decent Homes Standard by 2010; a key BVPI target. It also provides the Council with a logical reason for DCLG to reverse our decision for the stock to remain with the Council. The DCLG will expect the authority to liaise with Government Office for London who were responsible for signing off Council's options appraisals, and gaining their agreement in advance of preparing an application for the transfer programme. Officers are preparing to do this.

4.5. HRA¹⁰ and current expenditure

In addition to shortfalls in the capital programme, the revenue account is also under pressure due to increasing subsidy repayments to government. Appendix 1 illustrates. It is predicted that the saving requirement for 08/09 is also likely to be around £1m. The Council is faced with the position that it will not be able to provide even a basic quality of service to our tenants. The Council, therefore, urgently needs to determine a strategy for its housing stock

4.6. Way forward – first steps

At a meeting of Cabinet on 18 December 2006 the following recommendations were agreed:

- That Cabinet agrees that 'in principle' a transfer of Merton's housing stock should be considered as an option for the future management of the Council's housing stock.
- That Cabinet agree a further report be submitted on the selection of a new landlord.
- That Cabinet agree that costs be incurred 'at risk' prior to acceptance on the transfer programme by DCLG.

¹⁰ HRA – Housing Revenue Account

- That Cabinet approve consultation with tenants and leaseholders regarding the option of Merton’s Housing Stock transferring to a Registered Social Landlord (RSL).

5. Performance and comparative data

5.1. Performance measures and meeting targets

See below the performance measures and targets for Merton’s housing repairs service:

Ref no.	Performance measure	Outturn for 2005/6	Target 2006/7
BVPI 74	The percentage of all council tenants, or a representative sample, stating that they are satisfied with the overall service provided by their landlord when surveyed	70.3 %	>76.6%
BVPI 75	Satisfaction of council housing tenants with opportunities for participation in management and decision making in relation to housing services provided by their Landlord	77.6%	>79%
BVPI 184a	The proportion of local authority dwellings that were non-decent at the start of the financial year	25.5%	>27.88%
BVPI 184a	The percentage change in the proportion of local authority dwellings that were non-decent between the start and the end of the financial year	24%	>20.7%
CPA H4	Percentage of urgent repairs completed on time	82.9%	>90%
CPA H5	Average time taken for non urgent repairs	12.7 days	<12 days

5.2. Comparative/benchmarking data using Housemark¹¹

Merton council participates in the London Borough and ALMO Performance Improvement Club¹² in order to help measure and benchmark its services, some of the result of this are as follows:

Comparator	Outturn for year 2005/6	Rank out of London boroughs
% of urgent repairs completed within govt. time limits	82.9%	20 th out of 21
Average time taken to complete non-urgent repairs	19 days	19 th out 21
Proportion of homes which are non-decent	33.6%	8 th out of 16
Satisfaction of tenants with overall service	73.20%	6 th out of 13
% of tenants satisfied with opportunities to participate in management and decision making	77.9%	1 st out of 13

¹¹ HouseMark provides a range of performance and efficiency improvement services

¹² HouseMark London Borough and ALMOs Performance Improvement Club – from Performance Indicator Suite annual for 2005/6.

6. Views from tenants and leaseholders

6.1. The task group, as part of their review, wanted to consult with the tenants, leaseholders and interested groups as widely as possible, seeking comments and views through:

- A press release in local papers, information in Raising the Roof tenants' newsletter and My Merton.
- Letter with comments form attached sent to all 450 members of the tenants' consultative panel, residents' associations and voluntary and community groups.
- An open meeting in which council tenants were invited (sent to the above) which was held on the 23 September 2006.

6.2. Housing Repairs Event

The task group held an event for tenants and leaseholders in the Council Chamber on 23 September 2006 with the purpose of gaining views and opinions to feed into the review. The following issues were raised:

- Council and leaseholders need to work better together, communications is a big problem.
- Difficulties when repairs are required in a tenant's flat and are affecting a leaseholder flat, or vice versa.
- Handbook for leaseholders like the tenants one would be useful, and leaseholders would like to be communicated on all things tenants are.
- Little input in repairs service, no focus groups etc. Tenants need to be involved in planning service.
- Always seems to be lack of money – patching up rather than quality repairs or replacement.
- Perception that:
 - Council expects tenants/leaseholders will forget the requests
 - Surveyors too busy to get orders out quickly
 - Inadequate quality control and monitoring of repairs
 - Council has lack of funds resulting in reduced repairs
- Need better monitoring of repairs process.
- Needs to be more preventative maintenance i.e.: cleaning gutters would prevent blockages affecting properties etc – need more joined up thinking for council departments.
- Need to communicate better with leaseholders.
- Issue of leaseholders have lots of different types of leases - a problem.
- Confusion about service charges – no clarity as to what it covers, felt there is a lack of transparency therefore lack of trust. Leaseholders need proper breakdown of charges in a format that can be easily understood.
- Getting historical information on properties repairs history etc very difficult, information seems to be in a number of different places, that's if there is any at all.
- Leasehold/maintenance department don't seem to know the content of lease so they are not sure who is responsible for what.

6.3. Written comments received from tenants and leaseholders

A letter with a comments form was sent to all 450 council tenants/ leaseholders currently on the tenant's consultation panel (they are tenants/ leaseholders who have said they do not mind being contacted and used for consultation by the council). The letter was also sent to 80 residents' associations and other interested bodies.

42 tenants/ leaseholders send in written responses. Some of the common themes include in their replies are as follows (A full summary of responses can be seen in Appendix B):

Communication issues:

- Keeping tenant leaseholder informed
- Communication between tenant, council and contractor
- Appointments by surveyor or contractor (not being kept, lateness and no call to tenant to cancel/ inform)
- Helpful, informative and polite staff especially on repairs line.

Work/repairs related issues:

- Promises for repairs not kept
- Speed of repairs
- Patching rather than dealing with root of problems
- Some jobs no longer done by council (e.g. tap washers)
- Inconsistency with standard of repairs

General:

- State of council properties in borough got worse
- Convenience of time/s for surveyor appointments

6.4. Councillors questionnaire summary

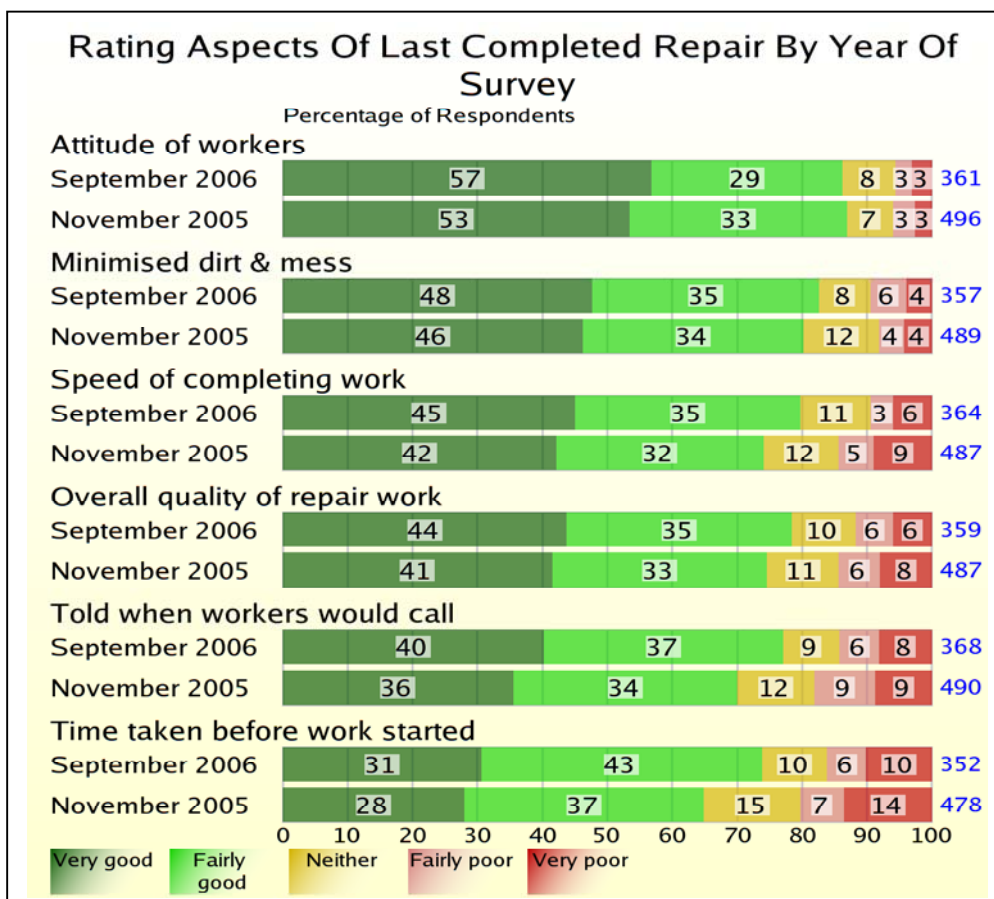
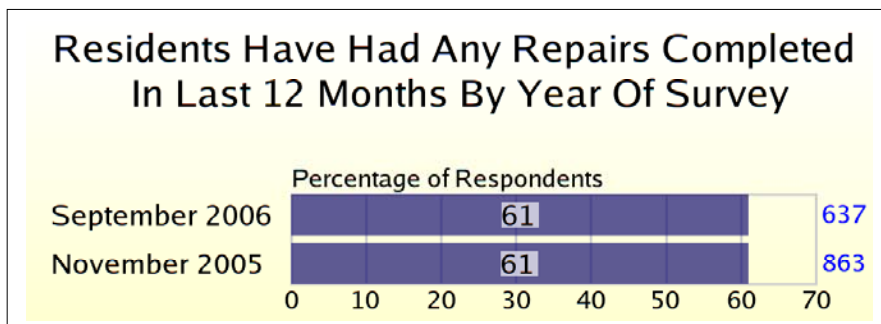
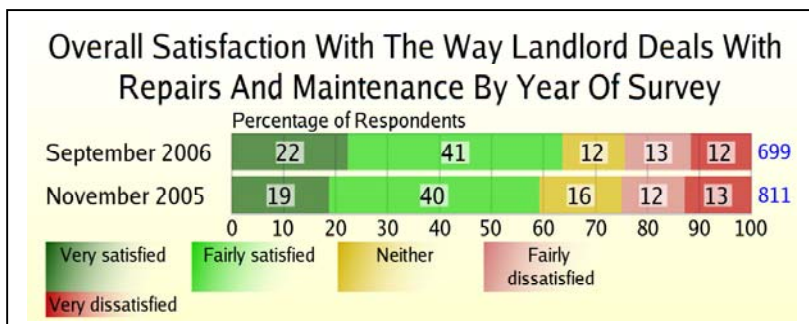
A questionnaire was sent to all 60 councillors in October 2006 asking for their comments and views on a number of issues (for full summary see Appendix C). Ten replies were received. See below some of the issues raised:

- There seems to have been a change in council policy in recent years about what they will and won't do. Some tenants have old handbooks and still expect to receive the service outlined. This needs to be clearer.
- Also there is a need to be sensitive when handling these issues as some of the most vulnerable in society will not be able to do their own repairs and we need to be realistic about when the council step in.
- There is an infestation of Pharaoh Ants at Glebe Court, Mitcham. After five months this problem is not yet resolved.
- There is a lack of centralised information with regard to the repairs and maintenance work that has been carried out historically on properties. I believe that it is not possible to find all the data/correspondence in one file, as a result officers are often unable to communicate effectively with leaseholders. This leads to an air of mistrust and protracted discussions which harm the prospects for both leaseholders and tenants alike.
- The process of inspecting the completed works should be reviewed. Too often I find that the work has been completed, but that the job is not done to a sufficient standard, resulting in workmen having to return and fix the problems. The result of this is two visits for the same problem, with the associated extra costs.
- The main problem for councillors is getting information.
- The surveying on individual properties before declaring them fit for habitation needs to be much more rigorous, with proper costings and post-work inspection signed off by people in a position to take responsibility for their actions, and who are in the direct employ of the council and therefore accountable.
- All officers taking calls from tenants should be in the direct employ of the Council and fully trained in customer relations, with a full understanding that telling a tenant that, e.g. "they should be grateful they've got a roof over their head" is a dismissal offence.

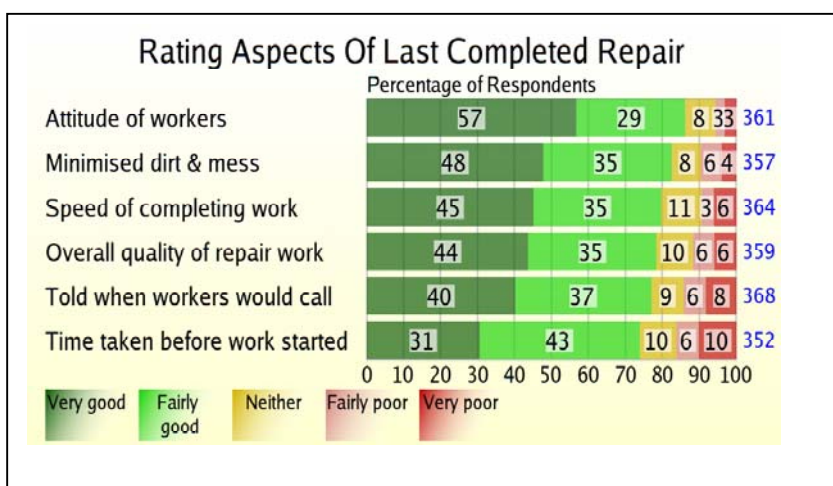
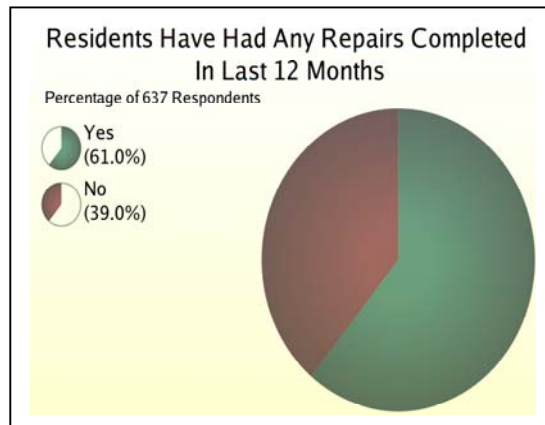
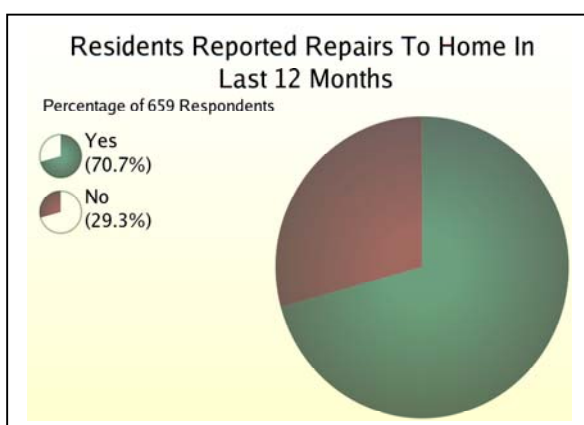
7. Customer satisfaction

7.1 Merton council carry out a survey of tenants on an annual basis using Kwest Research, the results for 2006 are broken down as follows:

7.2 Analysis by year - London Borough of Merton Survey of Tenants 2006



7.3 Overview of Findings – London Borough of Merton Survey of Tenants 2006



8. Visits to Merton repairs service and other service providers

8.1 Sutton Partnership Arms Length Management Organisation (ALMO)

The task group took a site visit to Sutton Partnership a recently opened ALMO on the 12 October 2006, the following information and issues were raised/discussed:

- The Partnership receives 6,000 repairs related calls per month and raises 13,000 repair orders.

- ALMO constituted following stock transfer process- received 82% support for moving to ALMO from tenants and 69% from leaseholders.
- ALMO registers as a company, Board made up of 4 council nominees (these can be councillors or not), 4 tenant/leaseholder reps and 4 independent Board members. Board will steer direction of ALMO.
- Spoke to Hounslow ALMO before, 3 star ALMO who have a proven track record, they will probably get financial freedoms from Government soon.
- Tenants were convinced to go down ALMO route through information sent. Started with 3 options: stay as are, stock transfer to RSL or ALMO.
- Newsletter, flyers, door knocking, roadshows to explain options
- In past council has procured repairs services in a piecemeal way. A number of value for money issues were highlighted in this arrangement, so sought advice. Now have 1 contractor for all day-to-day repairs and voids.
- 1 contractor, local firm with track record in the area. Contract has partnering agenda with it, so both partners are committed to driving up standards.
- This contractor has a range of contractors they use.
- Contractor has access to repairs IT program.
- Tenants given date and time within a 2 hour slot with 2 late evenings until 7pm and Sat AM also.
- No longer use schedule of rates – so now price job before order issued – better control of budgets.
- Contractor can do own variation to order of up to £75, which they put back through IT system.
- No handyman or caretaker services. Although do have mobile team dealing with external services, i.e.: graffiti and grounds maintenance.
- One IT system for all housing repairs with a good reporting tool – produces good performance data and is easily accessible. Awaiting interface with council's financial system.
- Monitor 10% of completed jobs through post inspection. Contractor also does a further 15%.
- After every repair tenant gets questionnaire – 17% return rate.
- Negative responses to questionnaire get sent to contractor to follow up. Positive responses also sent to encourage.
- 87% customer satisfaction with service.
- Leaseholder handbook produced – also have a leaseholders association and leaseholders are involved in all groups alongside tenants.

8.2 Kensington and Chelsea Tenant Management Organisation (TMO)

Cllr Makin took a site visit to Kensington and Chelsea TMO on 14 December 2006, the following information and issues were raised/discussed:

- The TMO manages almost 10,000 homes on behalf of the Royal Borough of Kensington & Chelsea. 25% of properties are leasehold.
- Have been awarded “three stars with excellent prospects for improvement”.
- The TMO strives to ensure that resident participation underpins our services. “We are committed to offering a wide range of ways for people to get involved in the TMO. We believe in harnessing the aspirations, commitment, skills and experience of residents to improve/develop excellent customer-focused services”.
- So important to make your service focused around your customer.
- Could do a critical friend or peer review to get external view of your service from people in the business.
- The TMO's Decent Homes Scheme is progressing well and the residents' satisfaction rating currently stands at 90%.
- Major Works - in 2004 the TMO developed a programme of major works for the period 2004 to 2010. The programme was designed to achieve the following:

- Meeting the Decent Homes Standard
- Essential repairs to items of plant such as lifts and communal heating systems.
- Improvements to certain estates (such as security measures) in line with the wishes expressed by residents.
- Since the programme began a large number of works have been completed or contractors have commenced on site. In other cases surveys are being undertaken to find out exactly what work is required for each home.
- Use Geographical Information Systems (GIS) to map all properties and works done including grounds maintenance etc.
- Customer call centre employs 14 staff that deal with all housing related queries. Freephone telephone number for tenants.
- Satisfaction survey sent out once jobs complete.
- Use OMFAX a diagnostic tool/programme when calls received to help analyse what is required.
- Contractor has access to IT programmes used. Staff Incentives/rewards scheme of £10 shop tokens for good performance i.e.: least pre-inspection made etc.
- Staff receive monthly 1 to 1's and monthly team meeting to cascade objectives.
- Encouraging minimal pre-inspections.
- Emergencies dealt with in 4 hours.
- Have a handyman service – through contractor.
- Appointments diary kept – slots of AM/PM given.
- London Area Procurement Network (LAPN)
The TMO are key members of The London Area Procurement Network (LAPN), which is chaired by our Chief Executive Gordon Perry. LAPN is a procurement consortium of 10 ALMO's in London. The members of the consortia are clubbing together to buy construction services and convert existing contracts to a LAPN model and by doing so, save money and improve efficiency. Staff and residents from all ALMOs in the London Area Procurement Network (LAPN) have assessed contractors for eight framework agreements. These frameworks are:
 - general building
 - asbestos testing and removal
 - lift maintenance and refurbishment
 - mechanical and electrical (maintenance and refurbishment)
 - Roofing
 - external maintenance
 - aids and adaptations for people with disabilities.

LAPN have decided which contractors to appoint to the frameworks and the contracts are scheduled to start in April 2007.

8.3 Merton Housing Office at Chapel Orchard

On the 12 October 2006 the task group took a site visit to Merton Council's Housing Office at Chapel Orchard, the following was noted:

- Currently in transition – objective to bring staff in different teams together to eradicate silo mentality.
- Have been some significant improvements in satisfaction.
- Process issues:
 - Tenant given reference number - so when calls received can target and track request.
 - Currently updating IT system to be bespoke to Merton
- 3 fundamental changes anticipated:
 - Diagnostic – increasing efficiency
 - Timed appointed direct with contractor
 - Moving towards partnering arrangements for repairs – will mean dramatic changes for repairs service

- 20,000 responsive repairs a year, 2% complaint rate.
- Moving away from/reducing reactive repairs, introducing servicing contracts i.e.: gas. Can let as a planned reactive service. Incentivise contractor to reduce number of callouts – its about having a robust process.
- Very important to have good asset information – currently is limited but working to sort this out – doing a survey of all properties in Jan.
- Cultural change is important – right structure, skills and people.
- Contractors performance now linked to key PI's
- Contractor can do self-variation of up to £50. Contractor will have access to IT programme.
- Also £10 variation on invoices.
- Limited budget for repairs so with reactive continually patching up rather than dealing with the root problems.
- Way forward for responsive repairs is to switch to one main contractor who fits in with culture of this organisation as well as having the technical ability. Mutual responsibility so no them and us.

8.4 Viewing a sample of major/scheduled works

The task group on 23 August 2006 took a site visit to a selection of areas where major/scheduled works are in the process of or have been completed to get a feel of the type and extend of the work completed by the service. These sites included:

- Eastfields - Windows (Phase 7) in progress.
- Swains House, Mitcham - Ex decs, windows, concrete repairs completed 05/06
- Bishopsford Road - Roofing scheme completed 05/06
- Morden area - window scheme completed 05/06

8.5 The task group also looked at Audit Commission reports and websites for a number of other local authorities and repairs service providers, including Croydon and Lambeth Councils.

Appendices

Appendix A	-	Terms of Reference/ scope of review
Appendix B	-	Summary of tenant/ leaseholders comments and views
Appendix C	-	Councillors questionnaire analysis
Appendix D	-	Financial implications and prioritisation of recommendations

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