

Meeting:	Overview and Scrutiny
Date:	9 <sup>th</sup> December 2008
Subject:	Response maintenance service to tenants and leaseholders of Harrow Council
Responsible Officer:	Gwyneth Allen Divisional Director of Housing
Portfolio Holder:	Barry MacLeod-Cullinane Portfolio holder for Adults and Housing Services
Exempt:	No
Enclosures:	None

## Section 1 – Summary and Recommendations

This report sets out the temporary action taken to achieve a reduction in forecast spend for the delivery of the response maintenance service in 2008/9 to tenants and leaseholders of Council stock.

### **Recommendations:**

The Committee is requested:  
To note the report

### **Reason:**

There is an immediate need to (i) continue to deliver a housing repairs service whilst controlling expenditure incurred within the annual budget allocated from the HRA in 2008/9 and (ii) consider ways of managing future pressures.

## Section 2 – Report

### Background

The Chief Executive requested that the Corporate Director, Adults and Housing Services become the lead officer for the Housing aspects of the Kier Partnership in Summer 2009. This is a budget that has experienced pressures in earlier year.

At Quarter 2 the 2008/9 housing response repairs budget, set at £4.75m in line with the Business Plan, was projected by Property Services to overspend by 31<sup>st</sup> March 2009. The projection was based on actual expenditure to 27<sup>th</sup> September 2008 and historic trends in terms of the demand for responsive repairs over the last 5 years for the scope of the service delivered.

It was clear that without swift and effective collaboration between Housing Services and Property Services to review the scope of the service delivered there would be a significant budgetary over spend by year end.

Action was immediately taken by colleagues in Finance working with colleagues in Property Services Minor Works to quantify the potential over spend and identify areas where demand could be managed to ease budgetary pressure.

Assuming continuation of attempting to meet the demand for response repairs service and meeting all health and safety statutory commitments the projected budget outturn at 31<sup>st</sup> March 2009 was forecast at £1.24m above the budget allocated to this service as at 27<sup>th</sup> September 2008.

Action to limit the over spend to £650k is set out in this report.

1. The scope to reduce the volume of orders placed is limited to non-urgent K4 type repairs. This area has a high impact as 24% of repairs costs are issued as non-urgent orders. Removal of this category would reduce financial pressure up until the end of the financial year by £593k.
2. The average cost for void repairs is £2,416 per property and this is based on delivery to Decent Homes standard. However by implementing void works to minimal let table standards only average costs could be reduced to £1680 per property inclusive of inflation. This, together with capitalisation up to £100k of costs already incurred within the year would limit the projected overspend on voids to £178k at the year end.
3. An action plan is in place to manage the salaries budget of £602k. However, the budget of £400k for cyclical maintenance is projected to overspend by £220k. There is a small sum £15k that may be recharged to the general fund as it relates to the maintenance of the wardens call alarm system (Helpline).
4. External decorations are expected to be delivered within the allocated budget of £412k.
5. Capitalisation of response repair costs will be capped at £175k in line with the published decent homes capital programme. A further sum of £100k

will be set aside from the external environment housing capital programme. Works of a capitalisable nature and identified as Decent Homes elements eg. boiler replacements, kitchen renewals, electrical rewiring – will be referred for delivery under the Decent Homes Programme

## **Main options**

The options being considered are set out above. Any overspend on repairs impacts other budgets and impacts on wider services to tenants.

## **Other options considered**

All options to reduce spend during the remaining half of the financial year 2008/9 have been considered.

## **Implications of the Recommendation**

The temporary cessation of non urgent repairs work will be managed sensitively to ensure that special circumstances of tenants are taken into account before decisions are taken. Health and Safety roles will be actively managed in implementing the above approach.

## **Financial Implications**

The information set out in this report indicates that an over spend of £650k is the minimum that can be anticipated should the rate of spend on non urgent repairs as at September 2008 continue. This over spend will be set against brought forward balances on the Housing Revenue account (HRA) and will shorten the period during which Harrow Council has a viable HRA.

It is not possible to vire the budget overspends from other budget heads within the HRA in 2008/9 or beyond.

The HRA is ring fenced and does not impact on the general fund of Harrow Council.

It is essential that urgent work takes place to manage the demand on responsive repairs and review the scope of the service to be delivered. This will enable expenditure to be more effectively controlled and assist the delivery of a satisfactory cost effective service to tenants and leaseholders. The action set out above will reduce the currently forecast overspend. However it does not address the systemic issues affecting the ability to deliver an effective high quality service within the budget available.

## **Performance Issues**

Performance on repairs turnaround has improved in 2008/09. The change of approach set out on this report does not affect the Performance indicator as they only track performance against repair which are accepted into the programme. Clearly the change does affect the quality of service to tenants.

## **Risk Management Implications**

Risks to tenants will be managed actively to ensure that any non urgent repairs which have implications for tenants health and safety will be undertaken.

The national tenant satisfaction survey was still in the field when the above changes were put in place. This change could impact on the survey results.

## **Section 3 - Contact Details and Background Papers**

Contact: Gwyneth Allen Divisional Director Housing Services