

**REPORT FOR: OVERVIEW AND
SCRUTINY COMMITTEE**

Date:	22 September 2011
Subject:	Scrutiny Lead Member Report
Responsible Officer:	Alex Dewsnap, Divisional Director, Partnership Development and Performance
Scrutiny Lead Member area:	All
Exempt:	No
Enclosures:	<i>Reports from the Scrutiny Lead Members</i>

Section 1 – Summary and Recommendations

The report accompanies the reports from the Scrutiny Lead Members.

Recommendations:

The Committee is requested to consider the reports from the Scrutiny Lead Members and agree the actions proposed therein.

Section 2 – Report

Introductory paragraph

This report outlines details of the work of the Scrutiny Lead Members. The committee is asked to note that the Corporate Effectiveness Leads met in July but the report of that meeting is not included in this report as the summer recess has delayed clearance of the report.

The committee is also asked to note that there has been a further meeting of the Safer and Stronger Communities leads but again, the report of this meeting could not be cleared in time for inclusion in this report. Both of these reports will be submitted to the Overview and Scrutiny committee in November.

Financial Implications

There are no financial implications associated with this report

Performance Issues

There are no performance issues associated with this report.

Environmental Impact

There is no environmental impact associated with this report

Risk Management Implications

There are no risks associated with this report.

Equalities implications

Was an Equality Impact Assessment carried out? No

This report outlines the activities of the scrutiny lead councillors, it makes no proposals to change service delivery.

Corporate Priorities

The Scrutiny Lead Members' responsibilities cover all areas of the council's activity.

Section 3 - Statutory Officer Clearance

Not required for this report.

Section 4 - Contact Details and Background

Papers

Contact: Lynne Margetts, Service Manager Scrutiny, 020 8420 9387, lynne.margetts@harrow.gov.uk

Background Papers: None

SCRUTINY LEAD MEMBERS' REPORT: ADULT HEALTH AND SOCIAL CARE

12th May 2011

Attendees

- Councillor Anne Gate
- Paul Najsarek, Corporate Director, Adults & Housing
- Bernie Flaherty, Divisional Director, Community Care
- Fola Irikefe, Scrutiny Officer

Housing Update

The Divisional Director briefed members that following the launch of the Housing Ambition Plan there has been a lot of progress with implementing the actual plan. The two year target to improve services is being re-written as it is no longer relevant due to early delivery of certain aspects of the plan and because there is a need to reflect the recent changes in national housing policy. In particular progress has been made in terms of satisfaction levels:

- 75% of tenants are satisfied with the service, and this is an improvement of 10%
- 48% of leaseholders are satisfied with the service and this has seen an increase of 10%

There is still some work to be done in terms of leaseholder's satisfaction. It is felt that the satisfaction rates have improved as a result of better communication with tenants and leaseholders and also improvements to the actual service provided. The department has also been able to successfully change perceptions and improve service rating whilst at the same time increase charging. This has been made easier by the fact that residents have seen improvements and they have also been involved in how the increased charging will work and so the increase has been transparent and not come as a surprise.

A review of tenant participation arrangements is currently underway and they are working with 200 additional residents besides the usual tenant and leaseholder group who are looking at complaints, the Kier contract and local offers. There are currently 3 local offers including a consultation charter, improvements to the caretaking service and a repairs guarantee. The additional 200 residents that the directorate liaise with are a more diverse group than the tenant and leaseholder group.

Another positive that was reported is that the majority of staff are now permanent as opposed to being on contracts and the results of the staff survey also shows that staff are happier. A balanced budget has also been delivered for both the HRA and the general fund.

It is envisaged that the changes in national policy will have a significant impact on residents and housing staff will be working closely to support people that are no longer able to live in the borough. Support will be provided to help people look at other housing options including assistance to find landlords and accommodation elsewhere. Harrow has been successful in

avoiding the use of temporary accommodation and bed and breakfast accommodation in the past but housing people in temporary and bed and breakfast accommodation is now on the increase due to less availability of suitable properties. The private sector is where much of the housing need is now being met and this will become less financially viable in future.

For action

Scrutiny to consider the revised Housing Allocations Policy.

The repairs and maintenance contract is also shortly to go out to tender.

For action

Scrutiny to consider the repairs and maintenance contract before it goes to Cabinet.

Adult Social Care

Adult social care services last rating with the CQC achieved 3/4 stars and the division was working towards achieving 4 stars had the rating system not been abolished.

Adult services achieved a balanced budget in the region of £86 million and this has been achieved through robust weekly budget meetings. Performance also shows significant improvement although the indicator specifically relating to time of service initiating has had some pressures since the change in equipment provider (Mediquip) but they are now operating to excellent standards.

38% of service users have personal budgets and the satisfaction rate for these users is above 85%. It is harder to get people using self-managed services when they are less keen on moving on from services. There are some challenges in supporting people to manage their own budgets and/or procure services from outside the Council but there is a shift towards this model. The department is in the early stages of developing personal budgets for carers as well.

The first four cohorts of the reablement programme have now been completed and the council is well on track to save £2 million over 3 years. The satisfaction rate for those in the programme is in the region of 80% following the six week programme. This process is not charged for and is very successful and is monitored monthly. NHS Harrow is also looking at intermediate care initiatives supporting the reablement programme. The shop-4-support system that has won London awards for innovation is proving extremely beneficial for reablement in addition to Personalisation.

The new re-structure of social care means that people are no longer grouped according to client group e.g. LD, PD, OP etc but are grouped according to need or service e.g. personalisation, reablement etc.. Savings of £1 million have been found. The new quality assurance process that has been implemented uses both qualitative and quantitative information through this restructure and the department is currently in the process of embedding the process into all service areas,

Commissioning remains a priority for the department. A number of new officers have been employed who are highly skilled in commissioning and this will strengthen the team

In 2010/2011 there was a quality assurance framework in place for safeguarding vulnerable adults (overseen by the Local Safeguarding Adults Board) and the following activities were undertaken:

- internal file audits (all cases) and external independent audit of 30 cases
- the second round of external audits started a new process of interviewing 10 to 15 clients who have been safeguarded to see if their desired outcomes were met

The directorate is also experiencing some demographic pressure in respect of the ageing population and transitions. The LSAB Annual Report covers all aspects of the work in 2010/11 with a particular focus on effectiveness and outcomes for users. The 2009/10 report was presented at Scrutiny Committee in July 2010 and the 2010/11 report will go through the same process.

The adult's services consultation is running from May - July 2011 and will be presented to Cabinet in September 2011.

For action

Adults services consultation outcomes to be considered by the Health and Social Care Scrutiny Sub Committee. Adults and housing local account for 2011/12 to be considered by the Health and Social Care Scrutiny Sub Committee.

Public Health

The PCT have cancelled a number of programmes which sit within the remit of Public Health and Public health has lost the ability to do community impact. The Director of Public Health is currently producing a transition plan for the move in April 2013. The transition plan will detail the priorities, how the council will need to adapt how it does its business, Human Resources, Transfer of Undertakings (Protection of Employment) Regulations (TUPE) and where Public Health will sit in the authority. Public Health will have a budget of £4 or £5 million

For action

Public Health transition plan to be scheduled onto Health and Social Care Sub Committee agenda in September 2011.

SCRUTINY LEAD MEMBERS' REPORT: CHILDREN AND YOUNG PEOPLE

21ST June 2011.

Attendees

- Councillor Christine Bednell
- Councillor Krishna James
- Catherine Doran – Corporate Director Children's Services
- Nahreen Matlib – Senior Professional Scrutiny

1. Developments in Children's Services – directorate update

Academies

Seven of Harrow's high schools have decided to become academies and the full transfer of schools will take place by the end of August. Whereas other local authorities have struggled with ensuring that all elements of the business side of the transfer will be completed in time, Harrow is on track and has already sorted out leases, transfers of deeds and the massive TUPE exercise. There is another large piece of work around SLAs which is being progressed – this will feed into the wider piece of work commissioned by CSB on SLAs and traded services.

All work on academies has been mainstreamed into structures so that a template and checklist of activities will be available to any another schools wishing to undergo the transfer to academy status. This has demonstrated frontloaded investment and effort and is a great example of corporate working.

Thus far, two primary schools have indicated preliminary interest in academy status. There are greater risks for primary schools because of their size and therefore they may wish to proceed in clusters.

A report on the academies process and progress will be presented to Overview and Scrutiny Committee on 5 July.

Directorate transformation

Consultation has completed, as has the first tier of appointments. There will be possibly up to 12 FTE redundancies at management level with frontline posts not affected, however it is hoped that these can be avoided through other opportunities. The trade unions have commended the directorate for an exemplary model for staff changes. A progress report will be presented to O&S on 5 July.

Relocation to Civic Centre

The plans to relocate all of Children's Services to one site in the Civic Centre are on track and being led by the Corporate Director for Place Shaping. Two wings on the 2nd floor will be operational by January with a view to eventually occupying a third wing also. There will be a children's reception area in Access Harrow and a secure area for assessments on the 2nd floor.

2. Policy horizon scanning – relevant policy issues/implications at national and local level

Munro review

The Government is yet to respond to the recommendations from this review on child protection. All developments in Harrow are in line with the issues addressed in the Munro review.

SEN green paper

The Government's green paper on SEN 'Support and Aspiration' was published in March 2011 and the plans could have significant implications for councils. There may be capacity for a project manager to address the ramifications of proposals for Harrow in November.

James review

The James review – an independent review on the school capital system – was published in April 2011 and suggests that capital be focused on school places, and therefore people-led not building-led. The Government is yet to formally respond to the review and its recommendations.

A paper on school place planning will be presented to O&S on 5 July. In Harrow there is more systematic work to be done on pupil place planning and this will be linked to the capital strategy. There is capacity in primary schools in that some could expand to cater for larger intakes.

3. Items coming up at Committee

The three items scheduled for O&S on 5 July are covered above.

There is a report on infant mortality coming to the Health Scrutiny Sub-Committee on 29 June.

For action

Senior Professional Scrutiny to forward infant mortality report to Corporate Director.

Upon discussing future issues for O&S, it was agreed that the report on the achievements of children looked after be removed as the Corporate Parenting Panel maintain an overview of this on a regular basis.

For action

Senior Professional Scrutiny to remove CLA achievements report from scrutiny work programme.

The Corporate Director suggested that an area that scrutiny may wish to look at in future is volunteering and where best the council can put its funding into developing an economy of volunteers who want to support vulnerable people to work with children and young people and their families e.g. investment in mentorships etc. This would be outcome based as Children's Services operate a commissioning model of SLAs not grants.

The Corporate Director also suggested that scrutiny take a look at the council's use of support functions – those services not delivering frontline services – including the level of committees that need to be supported. Sharing services with other local authorities could be considered as well as expanding this council's traded services.

For action

O&S to consider undertaking pieces of work on:

- a) Encouraging volunteers to work with vulnerable young people.
- b) The level of support services operated within the council

4. Scrutiny review work

A scrutiny review on engaging with young people is starting. Securing membership for the review group and preliminary scoping discussions with members and officers in Children's Services are currently underway. The agreed scope will be presented to O&S on 22 September.

The Corporate Director noted that the local authority no longer runs youth services as such but rather services for targeted groups. In exploring how best to engage with young people, scrutiny may wish to look at how schools engaged around the academies transfers and also draw on good practice for example from the very successful model of Youth Parliament. The voice of children looked after could be sought from the Young Voices Group.

For action

Senior Professional Scrutiny to incorporate these suggestions into the draft scope for the review, for discussion with review group members.

5. Next leads briefing- date and possible content

It was agreed that the next briefing between the Corporate Director and Scrutiny Lead Members invite the relevant portfolio holders to discuss the Children's Services service plan and commissioning plans. This should take place after the service and budget planning discussions in October and the Corporate Director advised that scrutiny's input would add most value before the commissioning plans are formalised.

For action

Senior Professional Scrutiny to arrange the next briefing for November and invite the portfolio holders for Children's Services and Schools and Colleges.

Next Meeting

To be confirmed

SCRUTINY LEAD MEMBERS' REPORT: SAFER AND STRONGER COMMUNITIES

31st March 2011.

Attendees

- Councillor Nana Asante
- Lynne Margetts, Service Manager Scrutiny

Councillor Mote sent his apologies.

Crime, Community Safety and Community Cohesion

Lynne had circulated the Strategic Assessment 2010 which provided statistical information on the nature and volume of crime being experienced in Harrow and upon which the Community Safety Plan is based. Lynne advised that at present the Community Safety Plan is scheduled to be presented to the Overview and Scrutiny committee on 14th June. In discussion, it was noted that a number of the issues identified as priorities would fall to the Safer Neighbourhood Teams and thus the review of the teams, being undertaken by the Metropolitan Police Service, not yet published, would be critical in assessing how effectively this priority might be addressed. Similarly the Neighbourhood Champions and the Council itself would have a role in addressing community safety concerns. In this context, Cllr Asante noted the proposal to retain the Safer Harrow Management Group in the current review of the Harrow Strategic Partnership (HSP).

However, she has some concerns regarding the capacity of the council and partners to continue to provide effective focus on community cohesion as this management group may not survive the HSP review. Whilst there is a clear need for equalities and community cohesion issues to be mainstreamed within the council, she feels that the Council's capacity in this area is limited. She felt that there is something to be learnt from how the consultation on the changes to adults services has been managed, in particular how service users have been engaged in discussions about the changes from the very beginning of the process and also how equalities have been embedded into the process. Given the particularly difficult budget decisions which the council must take, it is critical that the organisation is able to engage in mature debate with service users and the community at large in order to reach informed decisions. It does not necessarily appear that the organisation is open to this level of debate. This will need to be a central focus of all aspects of the council's transformation process going forward if transformation is to be successful. As such, it was agreed that the Corporate Director, Adults and Housing would be invited to the next briefing of the Safer and Stronger Communities leads in order to advise on how the consultation on adults' services changes has been run and how the directorate overcame the understandable resistance to change.

For Action:

- The next meeting will receive a briefing on the outcome of the Metropolitan Police Service's review of Safer Neighbourhood Teams and the

implications for the delivery of the priorities included in the strategic assessment.

- The Overview and Scrutiny committee will consider the Community Safety Plan on 14th June 2011

- The Corporate Director of Adults and Housing Services will be invited to the next Safer and Stronger Communities lead member briefing to discuss the process for consulting with adults services users and how this practice might be replicated in order to ensure the impact of the budget reductions doesn't destabilise our diverse community

Next Meeting

The next meeting will take place on 5th July

SCRUTINY LEAD MEMBERS' REPORT: SAFER AND STRONGER COMMUNITIES

5th July 2011.

Attendees

- Councillor Nana Asante
- Councillor Chris Mote
- Carol Yarde, Head of Adults and Housing Transformation
- Lynne Margetts, Service Manager Scrutiny

Paul Najsarek, Corporate Director, Adults and Housing sent his apologies.

Adults Service Consultation

Carol had previously circulated a report which had been considered by Cabinet outlining the findings of the initial phase of consultation in Adults' Services. The Lead Members were keen to hear about the detail of the process and what options there might be for learning from the process.

Carol advised that consultation was set in the context of the need for the council to make significant budget reductions and in the recognition that the key focus of the directorate is to make a difference in people's lives and that, as such, their input into any changes are crucial. Over 80 stakeholders attended a launch event in October 2010. At this meeting it was explained that:

Status quo is not an option

Budget reductions must be found

4 areas had been identified but the council was open to considering alternatives

- Contribution to care
- Full cost recovery for meals on wheels
- Transport
- Concessionary travel and taxi cards

Questionnaires were sent to 7000 service users (100%) and 33% were returned. 700 people were seen in face-to-face focus groups with the voluntary sector and some of these were run in first language – Gujarati, Somali

A multi-agency steering group was established including portfolio holder, voluntary sector representatives, service users, carers and the PCT. In order to facilitate full participation in the steering group, particularly for the service users, pre-meetings were held to explain documentation and decisions to be made.

Equalities impact assessments have been an integral part of the process and have led to a number of changes to the process – e.g. DVD produced for the consultation process as 'Easyread' was not sufficient to facilitate full involvement. Separate EQIAs have been undertaken by 4 sub groups, established to consider each proposal. They are live documents, revised regularly.

Whilst in general, service users are concerned about the proposals, the way the consultation process has run has been welcomed by the users, they have been able to reach informed decisions and have participated fully in the process – including presenting findings to Cabinet

The Leads were particularly concerned to ensure that such excellent practice is shared across the organisation, particularly in the context of the Birmingham Judgement. In particular, they were pleased to hear that Adults' Services had been given the time to undertake this challenging consultation process effectively, and in the process ensure that service users fully understand the issues and are thus able to make informed decisions. Carol commented that the officer team had been passionate about the process and had also been able to sell its benefits – failure to take service users with you in these difficult times could result in costly challenge further down the line.

In terms of embedding equalities, it was felt that passion and top down commitment was important to ensuring the effective implementation of equalities processes. It also needs a champion.

For action

The lead members would recommend to the portfolio holder that this system is implemented across the authority.

Other issues

The lead members requested information with regard to the cost of the Under One Sky festival. They were concerned at the capacity of the festival to deliver value for money. They also requested information with regard to the publicity which had been available for this year's festival.

Next Meeting

6th September 2011

SCRUTINY LEAD MEMBERS' REPORT: SUSTAINABLE DEVELOPMENT AND ENTERPRISE

22 June 2011

Attendees:

- Councillor Sue Anderson, Scrutiny Lead, SDE
- Councillor Stephen Wright, Scrutiny Lead, SDE
- Councillor Ann Gate, Scrutiny Lead, Adult Health and Social Care
- Councillor Victoria Silver (observer)
- Lynne Pennington, Divisional Director – Housing
- Jon Dalton, Service Manager – Housing Needs
- Heather Smith, Scrutiny Officer

Housing Briefing

Introduction

The Divisional Director recapped scrutiny's recent engagement with housing services, which had covered the Housing Ambition Plan, resident engagement and housing repairs and maintenance.

Members were advised that the refreshed Housing Ambition Plan (with scorecard) will be launched at a forthcoming Tenants' and Leaseholders' Consultative Forum meeting.

Members discussed scrutiny plans to mystery shop local bed and breakfast provision. The Divisional Director alluded to mystery shopping carried out by the Housing Quality Network, which had been useful. Members expressed willingness to review how the service worked on the ground.

Housing Needs

The Service Manager advised that Housing Needs covers all aspects of housing other than the stock. There are six teams covering:

- Housing options
- Assessments
- Housing advice and prevention
- Temporary accommodation – including bed and breakfast
- Procurement – including Help2Let and private rent
- Allocations – including voids (empty properties) and transfers

In any one year, around 1000 people are likely to be at risk of homelessness. Approximately 300 find alternative accommodation and a further 250 find accommodation within the private rented sector. About 50 will be formally homeless and found temporary accommodation.

Harrow appears to be experiencing both increased demand for housing and fewer available properties within the private rented sector. Up to 40 households require temporary accommodation, up from 2-3 households in recent years. It is very expensive to provide. The majority of people in temporary accommodation are families; there are fewer duties to house individuals. There were two households in temporary accommodation at the

end of Q3 2010/11. At the end of Q4 this had risen to 20 but the increase has now been halted; the aim is to reduce the level to 10-15 homeless households per quarter. The Divisional Director added that the council had not budgeted for the level of increase.

Vacancies in the private rented sector have reduced; this picture is reflected across London. This appears to reflect uncertainties in the policy context, and the recession has had an impact on buy to let. The council is beginning to look into provision in neighbouring boroughs and outside London. The introduction of the Universal Credit may mean that it will suit larger families to move out of London in order to reduce housing costs.

The council is also supporting residents in making private tenancy arrangements. The aim is to run the private sector housing scheme at nil cost, with the possibility of covering some staff costs. 95% of homeless families will be long term Harrow residents. It is expected that in future there will be an increase in home owners seeking support from the council due to the financial climate. The local housing allowance means that there is a restriction on what the council will fund – four bedrooms is the maximum.

The council's relationship with private landlords is changing. The private sector will form a more important part of the local housing supply; 6% of the stock is provided by the council and approximately 4% by registered social landlords, yet there are 3000 people on the housing register. This will have an impact on the historical relationship with the sector.

Recent Cabinet considerations relating to affordable warmth and climate change will expect the private sector to help deliver energy related targets and this may prove difficult in terms of affordability for Private Landlords. More needs to be done therefore to promote support and financial opportunities to Private Landlords to improve energy efficiency.

The Divisional Director advised that the 30% savings needed to address the potential General Fund deficit implies a cut of £700k from the housing need budget of £4.5m. This level of reduction in funding will be a significant challenge.

This may mean that the Private Sector has to play a bigger role in helping to address housing need across the Borough and may require a different relationship that prevents the council from being as prescriptive as it could have been seen to be in the past. This implies a partnership approach rather than an enforcement approach to councils' work with the private sector. Councils have sometimes been ignorant of the lack of funds available to private sector landlords to make improvements to their stock (rents, for example, having been pushed down by housing benefit reform). There may be future opportunities to assist with landlords' cashflow, for example through Help2Let.

In 2013 social tenants of working age will face a 10% cut to housing benefit if they under occupy by one bedroom, with the aim of providing tenants with an incentive to move. However there will be the issue of how to persuade tenants to downsize; there is a limited incentive scheme, for example

supporting tenants in bidding for properties or by covering removal costs. The housing service is considering a bid to the council's invest to save transformation project to develop this area.

Voids and allocations

On average there are 300 allocations/voids per year. The turn around time has been reduced from 40-42 days to 20 days, with the overall aim of reducing turnaround to 15 days. There are approximately 10-15 empty properties at any one time meaning that performance is in the top quartile. 'Empty' properties are more likely to be in the private sector.

Affordable housing

In response to a question about maintaining the growth in affordable housing, the Divisional Director advised that grants have been replaced with the opportunity to charge 80% market rent to recompense for the loss of grant. This may mean that supply of affordable housing will dry up in a few years because it could be harder for schemes to stack up financially without a grant. Combined with other limitations this will mean that it will be hard to help those who would have been helped in the past.

An alternative to providing affordable housing as part of a scheme was the possibility of developers contributing to a pot for affordable housing. The Divisional Director alluded to a scheme in Leeds where the council had formed a consortium with five registered social landlords (RSL), the then Housing Corporation and specialist housing associations to pool resources and land. The council contributed land and property and the Housing Corporation provided matching funds. The project delivered 3300 social homes that could not otherwise have been afforded. There are lots of different models around and the concept may be worthy of consideration

Flexible tenancies

The advantages and disadvantages of flexible tenancies were discussed; this covered the need to make the best use of resources versus the need for community sustainability. Harrow is currently consulting on what its approach should be. Difficulties included the feasibility of tracking tenants' changing circumstances; in any case flexible tenancies could not be applied retrospectively. Changes to legislation will be made by the Localism Bill.

Members were advised that approximately one third of tenants pay full rent on their properties without the support of housing benefit, meaning that the council is housing people with few housing options. A Member highlighted the links with economic development, in terms of supporting local people to start work or to return to work. Tenants also expressed that they wanted security of tenure, which was not always forthcoming in the private sector.

The Service Manager commented that the decision had been taken recently to house a family in a one bedroom property on the basis that although this was creating an overcrowded household, this was the least-worst option for the family in that the alternative was temporary accommodation. It could take 5-6 years for a two bedroom property to become available.

Resident engagement

Members were advised that the housing service engages with tenants, leaseholders, freeholders and residents. Tenants in the private sector were more difficult to engage with and tended to only contact the council when experiencing problems. Views of private sector tenants were gleaned by proxy through local voluntary sector organisations such as Citizens' Advice. Targets have been included in the refreshed HAP to increase engagement. A Landlord Forum meets three times per year.

There are plans to increase resident engagement on the formal Tenants' and Leaseholders' Consultative Forum. Residents are well represented in workshops on subjects such as anti-social behaviour, complaints, mystery shopping and asset management. The council's relationship with the Leaseholder Support Group had been significantly improved by involving the forum in the recruitment of the service manager. Residents had also been involved in recruitment processes for other managers including resident services, asset management and strategy and performance.

A consultation plan is in place for the summer to engage residents in issues such as asset management and the policy changes emerging from the Coalition Government. This would supplement the council's existing engagement processes, for example with the tenant and resident associations (TRAs). Such processes would then help to inform decision making by Members on matters such as affordable housing, allocations and flexible tenancies.

Future scrutiny input

The Divisional Director suggested that scrutiny might like to consider the council's future relationship with private landlords and the associated policy impact.

The Scrutiny Leads agreed to meet to discuss next steps.

For Action

- That Councillor Wright be notified of future meetings of the Landlord Forum.

Future Meeting Dates

- Wednesday 7 September – Place Shaping Directorate Briefing
- Monday 19 September – Carbon reduction commitment in schools; climate change performance indicators

SCRUTINY LEAD MEMBERS' REPORT: SUSTAINABLE DEVELOPMENT AND ENTERPRISE

Friday 5 August 2011

Responsive Repairs and Maintenance Procurement

Attendees

- Councillor Sue Anderson
- Councillor Barry Macleod-Cullinane
- Councillor Stephen Wright
- Paul Mullins (Interim Head of Asset Management)
- Nahreen Matlib (Senior Professional Scrutiny)

The briefing focussed on the following **key areas of discussion**:

- **Current situation:** in 2007, the Council signed two 5-year contracts with Kier for construction works. The first contract related to major works and is now closed. The second related to repairs and maintenance for both corporate and housing properties. This runs until the end of June 2012 and there is the option to extend it for another 5 years.
- **Supply chain analysis:** Officers have conducted an analysis of the current supply chain used by Kier to identify how they procure the works orders raised by the Council and to get an indicative cost of that supply chain. The analysis focussed on repairs and maintenance only. Different options for structuring the supply chain can be considered for the future as if the chain can be shortened, the Council will see greater value. Currently Kier holds an additional margin of spend for the management of the supply chain on top of overhead and profit already paid to them.
- **Supplier event:** An event held in June with a range of large and small contractors explored the supplier perspective on the procurement and the types of contracts and contractors that could be provided. A number of suppliers indicated that they had their own networks that could provide a range of services within the contract – the market does exist.
- **Options for the future:** there are four options that officers across Adults & Housing and Community & Environment have identified:
 1. Extend the current contract with Kier for up to 5 years.
 2. Re-tender the current contract with a minimal change in operation. This could save about 5% of current costs.
 3. Outsource work and management of work to a principal contractor who would have extended responsibilities.
 4. Contract with a small number of local suppliers – based on the value chain analysis work, this has emerged as the preferred option for the Council as it achieves significant savings as well as economic benefits to the local community by using local suppliers and also gives the Council greater influence over processes and the supply chain. This could cautiously save at least 13% (based on the removal of profits and overheads in the current contract).
- **Preferred option:** Option 4 of contracting 2 or 3 suppliers for each function should provide competition and resilience without the Council needing a large client commissioning (administrative) function. The

optimal internal structure will be worked on before deciding where this best sits and going through the Council's change protocol.

- **Potential bidders:** of course it cannot be guaranteed that all those bidding will be small companies or even local companies. However small/medium sized companies will have an advantage as their overheads are lower.
- **Approved suppliers:** it was asked whether other suppliers could join the pool of approved suppliers at a later date. It was stressed that there is a need to 'play fair' with the initial businesses chosen and only replace or add to the pool if performance is poor. The contracts are likely to be for 5 years and the businesses need to recoup their initial investment over this period of time therefore to add additional contractors would dilute their turnover and inhibit recovery of set up costs.
- **Possible model for future operations:** a possible model was presented to members. This split works between revenue and capital with a number of framework agreements proposed for capital works. In terms of general day to day repairs (revenue side), contractors could be split into geographical patches or given of certain percentage share of jobs across the borough. Harrow's does not currently have built in integration in its I.T. to rotate calls across various contractors on a percentage basis. This would have to be done manually by Access Harrow. Anite in Housing does not have the functionality however it could be explored if this could be bought in as an 'add-on'. Residents have stated their preference for a rotation system, not a geographical split. It should be noted that aids and adaptations are yet to be integrated into the model.
- **Performance monitoring:** There will be a monthly review of contractors and they will be able to compare their performance against each others. Access Harrow could get tenants feedback on the quality of works undertaken. Tenants want the Council to be able to end a contract if the contractor is not performing well.
- **Decent homes:** as decent homes get delivered there is the assumption that overall housing repair costs will drop. However, in Harrow there are still 1000 kitchens and 1000 bathrooms to still do.
- **Governance:** Ensuring robust governance of new arrangements within the Council is vital even if for example one directorate is responsible for overseeing the contracts and another for ensuring delivery of works. Some contractors will be able to carry out both day to day and corporate works but for some jobs, the skills needed are different e.g. whether you are going into a corporate building or someone's home. Corporate works are shrinking as more services are consolidated into the one building (Civic Centre) and the development of academies means that more schools can choose who they employ for works.

Key points of note from Scrutiny Members:

- Getting the governance right and where the administration sits within the organisation is a key consideration, especially given the changing balance in work (housing repairs and corporate repairs). A shorter supply chain should be achieved.
- There must be proper ways to monitor delivery of contracts and break clauses if performance is poor.
- Scrutiny members support Option 4 (as per the draft report to Cabinet 8 September) and are happy with the model presented as the preferred

option as they believe it provides a better service for residents which demonstrates good value for money.

- It is recognised that the preferred approach to the new contract may stimulate the local economy but that the contracting of local companies cannot be guaranteed.
- The new contract should improve quality and drive down costs (projected 13% savings) and this ultimately benefit tenants.
- This should demonstrate a reinvestment in housing services as savings are driven into improved maintenance and repairs – on time and more effective repairs should save the service in the longer term and this can be reinvested back into the service. This fits with the Housing Ambition Plan and provides a better service to tenants.