

Subject:	Independent review of existing partnering contract for housing repairs, maintenance, planned and major works		
Date of Meeting:	13th June 2018		
Report of:	Executive Director for Neighbourhoods, Communities & Housing		
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Ward(s) affected:	All		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 Brighton & Hove City Council entered into a Partnering Contract with Mears Limited in April 2010 to provide Repairs, Refurbishment and Housing Improvement for the Council's Housing Revenue Account stock across the city. The objectives of the Partnering Contract included an emphasis on meeting the government's Decent Homes standard, improving service delivery and generating savings for the council.
- 1.2 Over the life of the Partnering Contract to date achievements have included: 100% of the council's homes reaching the government's Decent Homes Standard; tenant satisfaction with the responsive repairs service has continued to improve; significant investment has been made in our homes through programmes of planned and major works; and, savings continue to be delivered for the council.
- 1.3 This report provides committee with details of the independent review of the council's partnering contract with Mears Ltd.
- 1.4 In 2015 work undertaken by the council identified that a sub-contractor used by Mears had been overcharging for work undertaken. A series of actions were undertaken by both Mears and the council to resolve this issue. These actions were reported to Housing & New Homes Committee in September 2016
- 1.5 As part of this the council undertook to commission a review of the partnership to identify further improvements that would benefit the partnership, residents and stakeholders. The review included consideration of the current working arrangements, reporting processes and interactions between Council and Mears staff and potential recommendations as to how the partnership can be improved and strengthened moving forward.

2. RECOMMENDATIONS:

2.1 That Housing & New Homes Committee:

- (i) Note the 31ten report on the council's partnering contract with Mears Limited attached in Appendix 1 to this report;
- (ii) Note that the parties have made progress on the action plan recommended in the 31ten report, as outlined in the body of this report;
- (iii) Agree that work on the action plan should continue in the interests of improving and strengthening the council's partnership with Mears Limited.

3. CONTEXT/ BACKGROUND INFORMATION

3.1 Brighton & Hove City Council (Housing) operates a ten year partnering contract with Mears Limited under which the following services and works are provided for the council's housing stock:

- Responsive repairs and empty properties maintenance
- Planned maintenance and improvement programmes
- Major capital works projects

3.2 The contract commenced in April 2010 and expires in March 2020. The budget for the contract in 2018/19 is £29.7 million. This is split between revenue works (£7 million), planned programmes (£10.5 million) and major capital works projects (£12.2 million).

3.3 Since the commencement of the contract we have moved to a consistent position of 100% of council housing stock maintaining the Decent Homes Standard since the end of December 2013. The energy efficiency (SAP) rating of HRA dwellings is above target at 66.4. At Housing & New Homes Committee in March 2018 officers were able to report that tenant satisfaction with the responsive repairs service has continued to improve over the year. The 2016/17 result was 96.3% and the final figure for 2017/18 was 97.4%. The service will be looking to maintain this level of performance over the final two years of the contract. Officers were also able to report that the repairs service has improved the time taken to complete routine repairs, a key measure for residents, from 20 days in 2016/17 to 13 days in 2017/18. Our measures of success include to maintain repairs satisfaction at above 97% and to continue to operate within 15 day target for average time to complete routine repairs.

3.4 The repairs & maintenance services continue to perform well financially. The 2018/19 HRA budget included a further a £400k reduction in repairs and maintenance costs, enabled through proactive investment in our homes.

3.5 Responsive repairs, planned programme and empty property targets are set and continue to be closely monitored with Mears and Housing & New Homes Committee. The last report to committee in March 2018 indicated that 13 of 19 performance measures were on target, a further three indicators were near to target and three were off target. Weaker areas of performance had substantially improved since 2017/18 specifically around the time taken to complete routine repairs which was 10 days against a target of 15 days.

- 3.6 The council's Annual Report, also being considered at June Housing & New Homes Committee, further outlines the difference we have made through the Housing Revenue Account's repairs and maintenance spend for 2017/18 of £9.675m. This included £4.592m on responsive repairs to complete 39,000 repairs to our homes and £1.808m on empty properties, carrying out major work to 256 homes to make them ready for new tenants. In addition, the council's investment programme for 2017/18 invested £23.306m in our homes, including £10.181m on planned maintenance programmes and £7.806m on major projects, including improvement work at 13 blocks in the city.
- 3.7 Housing & New Homes Committee received a report of the Acting Director Finance & Resources summarising the results of an internal audit review of overpayments identified by the council in respect of contracted housing repairs delivered via the Repairs & Improvement Partnership on 13 January 2016. The same report was also discussed at Audit & Standards Committee on 12 January 2016. A further report summarising actions taken by both the council and Mears was presented to Housing & New Homes Committee on 21 September 2016.
- 3.8 The report in September 2016 indicated that the council would commission an independent review of the partnership contract with Mears. Following appropriate procurement approvals 31ten Consulting were appointed to undertake the review. 31ten are a specialist consultancy with experience of carrying out similar contract reviews for other local authorities and housing providers.
- 3.9 Over 2017 31ten undertook field work, document reviews and interviews to inform the review. Details of the approach taken are included in section 1.7 of the attached report and include meetings with senior council officers and Mears managers as well as a range of staff working on the partnering contract. 31ten also facilitated a workshop with members of the Housing & New Homes Committee.
- 3.10 Key findings
The report details the findings and insights of the review in section 2. The key findings identified in the report include:
- The contract has delivered a number of benefits but its full potential has not been realised.
 - The contract has delivered well against the initial goals of exceeding Decent Homes standards and saving money.
 - The contract has not performed as well on longer term capital works compared to the excellent deliver of the day to day repairs and maintenance service.
 - There have been a number of key failings which are identified at 2.9 in the report.
- 3.11 The detailed findings are split into themes within the report at 2.12 – 2.25. The themes identified are; strategic alignment, culture and behaviour, communications, contractual management, performance management and workforce.
- 3.12 The report also details insight received from the workshop with members at 2.26 – 2.29.

3.13 Recommendations

3.14 31ten have identified a series of recommendations to be considered by the council and Mears in order to enable the partnering contract to fulfil its potential. The report acknowledges the work undertaken by the council and Mears to deliver improvements over the last 18 months.

3.15 The recommendations are consolidated in an action plan included within the report as an appendix. The action plan sets out 11 key actions to deliver improvements. These are summarised below with a short update on progress with each action. The full action plan is at Appendix A within the report:

a) Arrange and hold a series of "Honest Conversation" meetings

The council and Mears now meet on a quarterly basis as a senior management team to develop the relationship and to pro-actively address any concerns or issues which develop. This approach is supported by a fortnightly meeting which operates with a defined action plan to resolve any issues and track progress of key items. To date this has been a successful approach. Over the following quarters the meetings will integrate the action plan identified by 31ten into their work to address the specific content identified under this action.

b) Create and implement joint Communication Strategy and Plan

The senior management meeting above has recently established a communications protocol for dealing with communication issues that relate to the work of the partnership. Positive work is being highlighted to stakeholders on an ad-hoc basis. The development of a communications plan is currently outstanding.

c) Reset the Workforce Strategy and Approach within the Housing Department

Housing Revenue Account budget agreed for 2018/19 includes funding for increased resources to strengthen the contract management function (client side) in relation to the repairs and maintenance contract. Personal development, performance and service plans are kept under regular monitoring and review through one to one meetings, personal development plans, team, management and all staff meetings. Learning and development requirements of individuals and the team as a whole have also been reviewed and are subject to regular monitoring.

d) Strengthen the Council's ability to undertake the client role

The Housing Revenue Account budget includes a range of resource measures to support the action above. These include proposals to provide an additional management resource within the Property & Investment Team. The council has also increased technical resource over recent years with the recruitment of an additional surveyor, quantity surveyor and capital programme manager to support the work of the team.

e) Increase capacity and capability with specific regards to the Capital programme

In addition to the increased resources detailed in (d) budgets for 2018/19 include additional project management support around programmes for fire safety and compliance management.

f) Agree and implement revised and strengthened Contract Management arrangements

A revised delivery plan will be considered by partnership senior managers over the coming months. Mears drafted service improvement plans setting out their approach for the remainder of the contract in 2017; however these will now need to be reviewed and updated ahead of implementation.

g) Review contract Performance Management arrangements in light of the agreed approach for the remainder of the contract

Performance management arrangements are reviewed on an annual basis and revised performance targets were agreed by the Core Group in May 2018. Additional performance measures have been recently introduced for quality assurance processes, Estate Development Budget works and the call centre.

h) If appropriate, create and implement a modern forward looking Performance Management Framework for the Partnering Contract

Further changes to the performance management framework need to be considered against the remaining term of the contract. Significant changes may not be achievable at this stage.

i) Develop and implement a collaborative programme of Culture and Behavioural Change

This will be taken forward through our regular fortnightly and quarterly senior management meetings with Mears.

j) Design and complete a "funnelling process" to identify the most appropriate approach(es) for B&HCC's specific situation and highlight those that are incompatible

The council has established an options programme for the future delivery of housing repairs and maintenance services. This has included engagement with members through Housing & New Homes Committee, Policy, Resources & Growth Committee and the Member Procurement Advisory Board with additional attendance by lead Housing & New Homes Committee members. The programme has recently included engagement of a consultant to develop an options report considering the approaches available for the council in delivering this work.

k) Learn lessons from those that have recently participated in the letting of a contract for this type of services

Alongside the options and market research work detailed in (j) above the programme team are undertaking a number of research visits to providers who deliver repairs and maintenance services in different ways. A summary of this work will be taken to a future Procurement Advisory Board and Housing & New Homes Committee in September.

3.16 Next steps

3.17 Learning will continue to be integrated into proposals for the future delivery of repairs and maintenance services.

3.18 The established senior managers meeting will continue with the additional focus of ensuring progress around the actions detailed in this report. This will be supported by the fortnightly meeting between senior council officers and Mears.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 No alternative options considered for this item.

5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 The partnering contract with Mears is managed by a Core Group that includes officers from the council, Mears managers and residents. This report will be shared with the Core Group for consideration along with the agreed action plan.

6. CONCLUSION

6.1 Following the conclusion of the review in December 2017, this report summarises the progress against the actions identified that would support improvements to the contract in the final two years of delivery.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

7.1 The costs of the 31ten report were met from within the HRA revenue budget 2017/18. The HRA budget proposals for 2018/19 included funding for a further 5 full time equivalent posts in order to strengthen the client-side function and the health and safety and compliance management service.

Finance Officer Consulted: Monica Brooks

Date: 29/05/18

Legal Implications:

7.2 There are no direct legal implications arising from this report.

Lawyer Consulted: Isabella Sidoli

Date: 29/05/18

Equalities Implications:

7.3 None as part of this report.

Sustainability Implications:

7.4 None as part of this report.

Any Other Significant Implications:

7.5 None as part of this report.

SUPPORTING DOCUMENTATION

Appendices:

1. Review of Partnering Contract for Housing Repairs and Maintenance, December 2017

Documents in Members' Rooms

None

Background Documents

None

