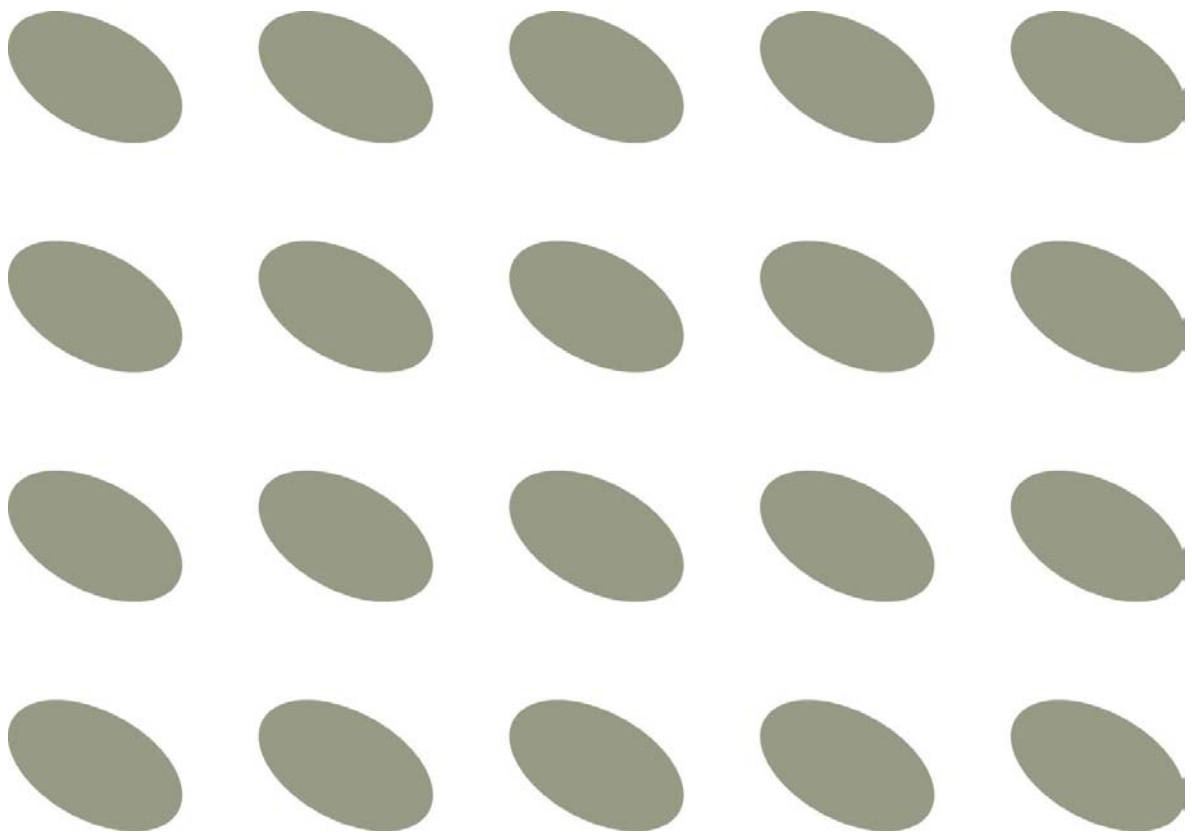


Clackmannanshire Council

Best Value Review of Housing Repairs

Executive Summary



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1. Executive summary

- 1.1 In September 2006 APSE Best Value Consultancy (BVC) was asked to carry out a Best value Review of Clackmannanshire Council's Housing Repair Service. The remit for the review was approved by the Council's Executive Team on 4th December 2006. In addition the Consultant was asked to take on the role of Chair of the Best Value Review Group (BVRG) and the first meeting of this group took place on 29th January 2007.
- 1.2 The scope of the review was wide ranging. As well as looking at the whole service from initial repair request to completion and billing many other links in the repair chain were examined including the Customer Contact Centre, Design and Property Services and Revenue Services.
- 1.3 The outcomes of the Best Value Review are to provide an options appraisal of the service and also an improvement plan.
- 1.4 The original timescale for the report was for completion in March 2007 which was ambitious for this breadth of review but in particular delays in obtaining comparative information contributed to the overall delay in completing the review.
- 1.5 Whilst the review itself has taken some time to reach a conclusion it has not stopped managers from taken action to improve the service delivery and as a result some of the actions proposed in the report have already commenced and even completed. It is therefore fair to say that the service has taken the initiative to make improvements and not necessarily waiting on this report being approved.
- 1.6 One of the Council's corporate priorities is "maintaining an effective organisation" and it is committed to Best Value stating that, "The aim of Best Value is to ensure through effective management, the Council delivers better and more responsive public services."
- 1.7 As is common with other Councils, Clackmannanshire's housing stock is diminishing and it has some problematic stock in need of repair. A Housing Options Appraisal Study was undertaken which recommended that the Council retain its stock in return for investment coupled with a major reduction in management costs and repair costs.
- 1.8 The Housing repairs service is delivered through a large number of generic housing staff as well as the involvement of Customer Contact Centre and Community Access Point (CAPs) staff, So many staff from

different areas and functions involved in the delivery of a single service (i.e. repairs) leads to a varied and inconsistent service that is difficult to manage. That is the issue which leads to one of the main recommendations to create a repairs centre with key maintenance staff in position to deal with any eventuality.

- 1.9 In order to meet its objectives set out as part of the successful stock retention campaign the Council requires reducing both the housing management costs and the repairs and maintenance costs by £100 each per house. **A key element to ensure that these targets are met is properly developed and maintained IT management systems.**
- 1.10 An Improvement Action Plan is contained in Part 11 of the report. There are a number of main actions (A – W) which have an allocated responsible person and a set timescale. There are a significant number of more detailed actions and as a first step the Strategy Group requires to confirm the actions and allocate each to a responsible person and ensure that it is prioritised, time lined and programmed.
- 1.11 The Best Value Review Group has met and reviewed all the main actions (A – W) and using a review tool has examined each main action in terms of its customer impact and ease to implement and as a result has prioritised those actions which have a high customer impact and are easy to implement. These Key Prioritised Actions are detailed in this Executive Summary Report.
- 1.12 There is a concern that the Council will not have the capacity to deliver this major change programme due to its limited available resources. This change must be carefully planned and executed and decisions taken as to where some interim financial assistance can be given to support the desired changes.
- 1.13 Part 10 of the report contains the conclusions and recommendations which, because of the breadth of the remit run to a significant number. However the main recommendations include the following headings in the remainder of this Executive Summary.

Options Appraisal

- 1.14 A robust options appraisal exercise was undertaken involving all the key stakeholders and this confirmed the need for the service to be provided because of the Council's landlord responsibilities and also that the service would be required for the foreseeable future.

- 1.15 The clear recommendation from all the stakeholder groups was for an improved in-house service.
- 1.16 As the extension to the current SimCo arrangement ends in March 2008 it is recommended that a further 1 year extension is granted to allow Housing and PCU to prepare the management arrangements to meet the more stringent requirements of an improved in-house service as detailed in the Action Plan attached to this report.

SimCo Arrangement

- 1.17 In April 2003 the council developed a Service Improvement Contract (SimCo) with Housing and PCU to deliver the repairs service. This was an innovative contract arrangement using a partnership contract as its base. Unfortunately despite a lot of effort developing the contract it was not properly managed or committed to by all the parties involved. This has to change if a new SimCo arrangement is to be delivered.

NOTE: All references to the word "contract" refer to an internal arrangement or agreement between two or more Council services.

- 1.18 It is recommended that a new SimCo arrangement be entered into with strict conditions regarding performance and improvement targets which require to be met. Failure to meet the agreed targets would result in a formal review by the Council which could result in the whole housing repairs service being market tested.
- 1.19 Provided the recommendations within the report are implemented the consultant would recommend a 10 year arrangement with a formal external review every three years.
- 1.20 The current agreement for the distribution of any savings is 25% to Housing, 25% to PCU and 50% to the General Fund. In light of the requirement to reduce both the housing management costs and the repair costs the consultant would recommend reviewing this distribution. It is important that the financial needs of Housing Business Plan are met which may necessitate the elimination of the contribution to the General Fund. (This recommendation has been accepted and implemented with effect from the 2007/2008 final accounts.)
- 1.21 The required savings to meet expectations have already been identified in other consultant's reports and also in Communities Scotland's

Inspection Report and based on the information therein the consultant would recommend annual target savings for both Housing and PCU in the order of 3% to be reviewed after 3 years.

- 1.22 The consultant recommends careful consideration of all the issues raised in Section 4.4 "Observations", particularly,
- The requirement for the Strategy Review Group and the other management groups
 - The need to go back to the basics of "Partnering" as a concept (possibly implemented with external support) and ensure that everyone involved understands, accepts and commits to making the new SimCo arrangement work successfully.
 - The SimCo arrangement must include the scope of the works to be covered under the contract and the consultant would recommend that this covers all works under repairs and maintenance.

Business Change Report

- 1.23 In 2005 the Council's Business Change team commenced a review of the repairs service along with cyclical maintenance and voids. This Best Value Review will not repeat the close examination of the service but instead use the output from the report to inform the consultant's own view.
- 1.24 The process to implement the agreed recommendations in this review has already commenced.

New Repairs Process

- 1.25 A number of key policy decisions require to be made to define the categorisation and prioritisation of repairs and to streamline the process for inspections. This will result in reducing the number of people involved in the repairs process and will require initial and ongoing training and development of employees. **The aim must be to complete a repair satisfactorily in one visit.**
- 1.26 Major issues need to be resolved and new processes implemented including a single repair ordering system, an appointments system, a new repairs handbook, and a new schedule of rates. Once this has been achieved consideration could be given to a graphical repair ordering

system and an on-line repair ordering system.

- 1.27 Other issues to be resolved are revised lettings processes to assist with void management and also a new process for the management of voids.
- 1.28 Recommendations also include the transfer of specific management responsibilities;
- Cyclical maintenance and gas maintenance functions transfer from Policy, Planning and Performance to Housing Operations.
 - Amenity Team Function transfers from Housing Operations to PCU and Development and Environmental Services.
 - Management responsibility for private contactors, asbestos and term contracts transfer from Housing Operations to PCU.
- 1.29 A further recommendation indicates that the Out of Hours base should transfer from Lime Tree House to Kelliebank.
- 1.30 The requirement to meet the cost of removing asbestos as it is identified or becomes exposed can have a significant effect on the budget for that particular financial year. This may affect the ability of the Council to meet its agreed programme and financial commitments for that year.
- 1.31 The Council in conjunction with the tenants must endorse a policy of prioritising major structural works to preserve the fabric and maintain the dwellings in a wind and watertight condition over the upgrading of elements such as kitchens and bathrooms.

Repairs Centre

- 1.32 A key recommendation which is vital to ensuring that the critical success factors are met is to create a Repairs Centre involving all the key delivery elements of the service (Housing, PCU and Contact Centre) and through which all maintenance issues are channelled. This will ensure a more streamlined process involving less people, avoiding duplication and make it easier to manage, train and develop employees.
- 1.33 An examination of "failure demand" carried out by Housing, PCU and the Customer Contact Centre has demonstrated a need for these three functions to work closely to achieve an improved service.

Information Technology

- 1.34 Good dependent IT systems are another critical factor for the Housing repairs service. It is recommended that there is only one system for repairs and that all IT development which affects the repairs service (from whatever source) must be approved by a New Management Strategy Group which would also have overall responsibility for meeting the repair targets and the success of the new SimCo arrangement.
- 1.35 Housing currently uses the Anite system for repairs and PCU use the Servitor system. There are costs involved in using two systems and the required interfaces for the same process and the consultant would recommend that Housing consider using Servitor as the repairs ordering system.
- 1.36 Furthermore to ensure a successful delivery of IT programmes it is recommended that both Housing and PCU have the same IT Account Manager.
- 1.37 The consultant would recommend a joint IT 3 year plan should be put in place by Housing and PCU for the repairs service to satisfy the needs of all stakeholders and agreed under the process outlined in the IT Governance Model. All current IT development work should be suspended until this plan has been agreed.

Finance

- 1.38 PCU needs to complete the development of its new costing system and Housing need to ensure that they have clearly articulated what activity elements they need to have costed. This will provide baseline costs and allow for a focus on improvement. Housing should consider the appropriateness of using Servitor.
- 1.39 All budgets in future must reflect the targets required to meet the necessary reductions in repair and management costs. A single repairs system referred to above will also result in more accurate recharges and budgeting.
- 1.40 The decision of the Corporate Implications Working Group to transfer the responsibility for the rechargeable repairs and associated debt back to Housing must be implemented as agreed by 1st April 2008 and consideration be given to the transfer of responsibility for the management of its sundry debt to PCU.

- 1.41 Corporate support charges need to be reviewed and in future an open process implemented whereby these charges are justified to operational departments particularly when, as with Housing and PCU, they are under financial scrutiny.

Competitiveness

- 1.42 The Housing service is improving as a competitive organisation and the Housing Business Plan aims to make the service more competitive and reflects an awareness and commitment from senior officers to take positive action to further improve on their current position.
- 1.43 PCU has won an APSE award for the Best Performer (Building Maintenance) in the UK for 2007. This demonstrates that any issues regarding PCU's competitiveness are being addressed positively by senior managers and in particular there is a growing involvement through links within the APSE network to explore and learn from Best Practice.
- 1.44 Two budget lines (Employee Costs and Support Services) make up 82.6% of the Housing Revenue Account expenditure on supervision and management costs with the other budget lines ranging from 2% to 5% of total expenditure. Therefore if efficiencies are to be achieved they will come in the main from these two budget lines.
- 1.45 Recommendations are made to review various aspects of the services and also proposals to change management structures. Good people management is key to the future success of both Housing and PCU.
- 1.46 From PCU's point of view there are two other major areas of improvement to ensure future competitiveness i.e. Productivity and workload.
- 1.47 A major revision on how the craft operatives are remunerated is required which is tied to the new SimCo targets and also to the revised schedule of rates. This also has to be a system which is sensitive to varying types and volumes of workload as the Housing Business Plan currently is revised must ensure that investment is tied to the property requirements and nothing else.
- 1.48 There must be a structured process for PCU workload to be reviewed

and approved as part of the council's budget process.

- 1.49 There will be a need to revise the terms and conditions of employment for the craft operatives and to change working practices.

Comparisons

- 1.50 Comparisons were made between Housing and PCU and other similar organisations using information from the CIPFA Scottish Housing Benchmarking Club and also by direct comparison on selected schedule of rates items. Whilst this indicated that improvement was being made it is also true that more work has to be done by both Housing and PCU to make further meaningful improvements in service delivery.
- 1.51 Again it should be noted at this point that the improvements made by PCU have been recognised on a UK wide basis as they became APSE's Best Performer (Building Maintenance) 2007.

Performance and People

- 1.52 An improved performance management regime is required (see proposal in Appendix 5) in which there is clear accountability on individuals and teams to meet agreed targets which are SMART and reviewed and monitored on a regular basis. To be effective this structure must be formalised and meetings minuted and action points reviewed.
- 1.53 The existing PRD processes must be developed and made SMARTer.
- 1.54 It will be necessary to have some form of electronic data collection and management system to avoid the overall management of performance data potentially becoming overbearing.
- 1.55 As stated earlier people are key to future success and consideration should be given to embarking on an overarching people development programme such as IIP. Proper structured training and development will deliver its own success.
- 1.56 A key first step will be to ensure that everyone (both staff and craft operatives) is aware of the process to be undertaken, the timescales, responsibilities and targets agreed. The lines of responsibility and willingness to work in a multifunctional environment will also be key to

future success.

- 1.57 **Finally to ensure success there has to be a change in momentum by managers to shape a performance orientated organisation and this change will only be successful if it is led from the top by the most senior managers in each function and delivered and monitored by the Heads of Service**

Consultation

- 1.58 The Council has an excellent record of consultation but it must ensure that the major changes in service delivery are communicated in a planned way to all tenants.
- 1.59 All the major stakeholders have been consulted as part of this review.

Capacity to Change

- 1.60 One of the key drivers to the successful implementation of an improvement programme is to ensure that the change programme is fully and properly resourced. The Council has very limited and competing resources and therefore managers responsible for the change programme must ensure that they are realistic in the targets that they agree to meet. The Council likewise must not try to impose or expect unrealistic targets to be met.
- 1.61 It is recommended in the report that SimCo surpluses could be used to support development in systems and also fund the costs of improvement teams so that tenants can benefit from the money they invest in rent.
- 1.62 Tenants, employees from Housing, Development and Environment, central support services all require working together with an agreed common aim if there is to be a successful outcome to the proposed change programme. Everyone needs to ensure that these outcomes are realistic and achievable.

Overview

- 1.63 Challenging questions have been asked at every stage of the review and detail consideration given to numerous options including the externalisation of the service. Without doubt the improvement of the in-house service will best serve the Council to continue to meet its landlord responsibilities and also deliver wider economic benefit to Clackmannanshire including training and employment opportunities.
- 1.64 **In order to achieve the success required the Recommendations and the Improvement Action Plan detailed in this report must be prioritised, programmed, implemented and monitored.**

2. Improvement Action Plan

(a) Agreed Key Prioritised Actions

Action No.	Action	Responsible Person	Target Date
T	Commitment to Change	JG/GS	Mar 2008
	The Heads of Service in Housing and Property must agree their role in driving the change process and all other Council Heads of Service must commit to supporting them as required and indicated in the Action Plan		
A	Implement a new SImCo Arrangement	GS/JG	Mar 2009
	Draw up a new SImCo agreement , review the type of contract arrangement needed, determine need for a Partnering advisor, develop a performance management regime, create Strategy Review Group and agree target savings		
H	Agree Programme for setting up a Repairs Centre	GS/JG/BD	June 2008
	Agree a programme for setting up the Repairs Centre. Include CAPS in the process and aim to ensure that all repairs are reported and managed through one centre		
C	Implement a new Repairs Process	GS/JG/BD	Mar 2012
	Review and create a new repairs process including a new classification of repairs to ensure that repairs as far a possible are completed satisfactorily in one visit, including appointments system, single repairs ordering system, minimising inspections, revising the schedule of rates, repairs handbook		
P	Improve use of Information Technology	JG/GS/BD	Dec 2008
	Housing and PCU agree a joint IT investment Plan which must be monitored and reviewed by the		

Action No.	Action	Responsible Person	Target Date
	Strategy Review Group		
U	Improve the Competitiveness of Housing and PCU	JG/GS	Mar 2009
	Establish baseline activity costs, review all overhead costs, the cost of managing repairs, implement new management structures, agree future workload for PCU and agree new salary structure for employees.		
M	Improve Budgets and Payments	JG/GS	Dec 2008
	Agree budget process which reflects target reductions required in costs as well as agreeing a programme for implementing a costing system and a common repairs management system		
Q	Review Corporate Support Charges	JG/GS/MW	Mar 2008
	Agree a timetable for the review of Corporate Support Charges		
O	Manage Issues arising from the impact of the Housing Business Plan	JG/GS	Dec 2008
	Agree the 2008/2009 Housing Maintenance Spend and the process required to achieve budget reductions in future years		
R	Implement a Performance Management Regime	JG/GS	Dec 2008
	Continue involvement in current benchmarking groups, develop electronic data collection and management system for performance management		
N	Improve the Management of Sundry Debts	JG/GS/MW	Dec 2008
	Agree a programme for implementing changes to the management of sundry debtors		
V	Review the comparisons made with other organisations	JG/GS	Mar 2009
	Review all the information available with other contractors to determine approval		

(b) Other main actions

B	Implement Business Change Report
D	Improve Performance on voids
E	Transfer management of Cyclical Maintenance to Housing Operations
F	Management arrangements for Gas Maintenance
G	Asbestos management regulations
I	Review Out of Hours Service
J	Transfer Amenity Team Functions from Housing Operations
K	Transfer Contract monitoring to PCU
L	Review process for managing private sector work
S	Promote Employee Development
W	Consultation