

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet

8 December 2005

AUTHOR: Housing and Environmental Services Director

REVIEW OF HOUSING RESPONSIVE REPAIRS PROCUREMENT

Purpose

1. To report to Cabinet the conclusions of a review of the procurement of housing responsive repairs.

Effect on Corporate Objectives

2.	Quality, Accessible Services	The responsive repairs service delivers 14,000 repairs annually to the Council's 6,000 tenants and in volume and value terms is one of the Council's most significant customer service operations.
	Village Life	
	Sustainability	
	Partnership	

Background

3. Cabinet agreed on 14 April 2005 to commission a full assessment of the operational, legal and financial impacts of future procurement options for the housing responsive repairs service. These options included maintaining an in house Direct Labour Organisation (DLO) and building its business base; establishing a long term public private partnership; transfer of DLO operations to City Services; and re-tendering the responsive repairs contract.
4. In July 2005 echelon consultancy ltd were commissioned to undertake the procurement review and an executive summary of their report is attached as **Appendix A**.
5. Since the review was commissioned, the Council has concluded its housing options appraisal and decided to retain its housing landlord function. The appraisal was signed off by the Government Office in November 2005. The Council's decision to retain its housing landlord function requires a significant reduction in expenditure in its Housing Revenue Account (HRA) in 2005/06 and 2006/07 in order that the HRA balances into the medium term.
6. There have also been significant managerial changes since the review was commissioned with three key managers leaving the Council. The recruitment of new managers is in progress and interim arrangements are in place.

Service review and improvement

7. While the procurement review has been carried out, a number of significant actions have been taken by the DLO recovery team which build on the progress reported to Members in April 2005.

Sickness absence

8. The Council's sickness absence policy has been robustly applied and all long term sickness absence cases have been resolved by return to work or dismissal.

Invoicing systems

9. Enhanced administrative support has enabled the DLO to ensure it is charging the Council properly for all work carried out.

Vehicle tracking and ICT systems

10. Assessment of vehicle tracking and hand held ICT solutions has been carried out

Stores and supplies

11. The in house stores arrangements have been reviewed and are working more efficiently. A pilot arrangement with City Services is being tested, and further changes are planned in the short term.

Accuracy of initial repair orders

12. Further briefing and training has been provided to Contact Centre staff

Staff establishment

13. The number of operatives has been reduced from 35 to 26.

Staff management

14. Individual supervision and training plans have been introduced. Individual pay and grading anomalies have been rectified. Regular team briefings and training sessions have been organized. Health and safety arrangements have been reviewed.

Current DLO performance

15. Measures of the DLO's current performance suggest high levels of customer satisfaction – 96% of customers satisfied/very satisfied with the repairs service from April to October 2005 (compared to 93% in 2004/05).
16. Financial performance is in accordance with planned budgets, with reports to the end of October 2005 projecting an annual operating deficit of £175,000 compared to a 2005/06 original budget of £185,000.

Future considerations

17. The current responsive repairs contract expires in October 2008 with a possible one year extension. Prior to that date the Council will need to consider the future procurement of responsive repairs, including the potential to join a procurement club, a number of which are developing in response to the requirements for Gershon efficiency savings.
18. There are likely to be significant future external pressures as a consequence of house building growth in the sub region and preparations for the Olympics in 2012, which in

view of potential regional skills shortages, are likely to increase building maintenance costs.

19. In addition to these significant external pressures which will affect the Council's ability to procure building maintenance services in the future, the most significant internal pressure is the projected reduction in responsive repairs budgets. If the Council is to retain its in-house building maintenance team then consideration must be given to broadening its planned maintenance and improvement works activity.
20. It is proposed that the Council develops a 3 to 5 year business plan for the DLO that takes a longer term view of the building maintenance operation.

Financial considerations

21. The DLO's trading activities are monitored monthly, alongside review of the HRA. If the DLO fails to recover its operating costs then its operating deficit is charged to the HRA.

Legal considerations

22. Section 111 of the Local Government Act 1972, provides the District Council with the necessary statutory power to maintain a workforce to perform the housing responsive repairs service.
23. The requirements for the compulsory tendering [CCT] of this service is repealed by the Local Government Act 1999. However, whilst CCT was swept away by that Act, it was replaced by the new duty of Best Value. Accordingly, the District Council is now required to make arrangements to secure continuous improvement in relation to its functions and this includes the housing response repairs service. In particular, the Council has a duty to consult with representative groups of people falling within those who use the service.
24. As in the current proposals, the District Council is not intending to contract with a third party, the strict UK and EU Rules on Public Procurement do not apply.
25. There are no further legal or proprietary issues, which require comment.

Recommendations

26. Cabinet is recommended to:
 - (a) Note the content of the echelon consultancy report attached at Appendix A, its appraisal of the procurement options and its recommendations.
 - (b) Retain its in house direct labour organisation and implement the 22 point action plan, as recommended in the report at Appendix A.
 - (c) Request that the Housing and Environmental Services Director establishes an implementation group, based upon the membership of the Responsive Repairs Core Group, to oversee delivery of the action plan.

Background Papers: Previous reports to Cabinet January, April 2005

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