

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Housing Portfolio Holder Meeting 8 November 2006

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REVIEW OF THE DIRECT LABOUR ORGANISATION REPAIR SERVICE

Purpose

1. To provide an objective assessment of the way forward for SCDC's Direct Labour Organisation (DLO) in light of the recent recovery plan activity and the draft 5 -Year Business Plan as set out for consideration by Echelon Consultancy in June 2006.

Effect on Corporate Objectives

2. Quality, Accessible Services	An improvement in the effectiveness and efficiency of the Council's DLO Repairs Service would result in the provision of a more accessible and higher quality service.
Village Life	Better targeted housing maintenance programmes will ensure houses are well maintained; enhancing village life
Sustainability	Any surplus made by a more efficient and competitive DLO can be ploughed back into improving local services.
Partnership	Working in partnership with the consultants, contractors and our own staff.

Background

3. Last financial year the Council's DLO made an overall operating loss.
4. The Council resolved to review the future options for the service and employed external consultant's Echelon to work with the Council and the DLO.
5. In January 2006 Cabinet approved a report recommending that SCDC retain its DLO with a focus on building the business base, improving the level of service, and becoming more cost effective. A 22-point Action Plan was devised with a core group of key stakeholders to oversee the recovery process.
6. Most of the Action plan has been completed, and the DLO is currently profiled to make a modest surplus this financial year.
7. In June 2006 a draft 5-year Business Plan for the DLO Repairs Service was produced and presented to the core group by Echelon as part of the final stages of the recovery plan.
8. Echelon has now completed their work on this project and it now falls back to SCDC to take full management responsibility for the recovery and future viability of the DLO.
9. Part of my remit as the newly appointed Property Services Manager for SCDC is to review the aspirations contained within Echelon's Business Plan and form them into an achievable working plan that the management of the DLO feels able to sign up to and deliver; and set up a DLO Strategic Management Board to oversee this process.

Current Priority for the DLO

10. Current Focus for 2006/7 - The immediate focus for this financial year is to ensure the service's financial position improves from last year's deficit to a break even or surplus making position. With this in mind it's important that the DLO initially concentrates on consolidating its position as SCDC's repairs service for the East and West Areas. Although this appears a fairly obvious statement to make, I do feel it's right to emphasise the importance of getting the core service function right, before considering any venture into diversification or external markets.
11. For 2006/7 the income projections for the DLO are as follows:
 - a. Responsive Repairs Contract £595,300
 - b. Change of Tenancies £675,800
 - c. Asbestos £300,000
 - d. Disabled Adaptations £250,000
 - e. Refurbishments £250,000
 - f. Miscellaneous £91,600
 - g. Other planned repairs £0
 - h. On-Costs sub-Contractors work £0
12. The current trading position projection (up to 22 September 06) shows income will be in surplus over expenditure by £94,400; however once additional works by sub-contractors and consultants (Echelon) are taken into account the net surplus is £14,200. The projection needs to be treated with caution as it is based on the first six month's trading activities; however, the new management team will closely monitor and manage.
13. **Key Performance Indicators**

Echelon has produced a KPI Draft Handbook that covers no less than 18 recommended KPIs over its 46 pages. Whilst I accept that the intent of these proposed KPIs is to monitor and improve performance, I am concerned that the monthly task of collating and analysing this data would prove onerous to the service. Also, once collected - I'm not convinced that achievement of many of these indicators would actually make any difference to the DLO's performance from a customer's perspective. Indeed, it could result in the service simply gearing up to meet these KPIs rather than concentrating on what really matters i.e. the "purpose of the service". Only those measures that truly measure performance in relation to "purpose" matter.
14. From a customer's perspective what really matters to them in respect to a repair is that it is done properly and timely. With this in mind I have reviewed and amended the current Local Performance Indicators used district-wide and propose to use these revised indicators for monitoring the DLO's (and City services) performance by drilling down to area level (East, South and West).
15. The Local Performance Indicators will be (existing):
 - a. SH 302 - The % tenant's satisfaction with work completed on response repairs
 - b. SH 327 - The % of repairs by appointment
 - c. SH 328 - The % of tenants satisfied with refurbishment

And the newly introduced...

- d. **The % of Routine repairs completed within 23 working days.** Definition: all repairs issued as Priority “N” or “X” completed within 23 working days of being reported by the tenant.
 - e. **The % of Urgent repairs completed within 5 working days.** Definition: all repairs issued as Priority “1” and “3” completed within 5 working days of being reported.
 - f. **The % of Emergency repairs attended within 24 hours.** Definition: all repairs issued as Priority “O” and “U” attended within 24 hours of being reported.
 - g. **The average time to complete responsive repairs.** Definition: The overall average time in working days to complete all responsive repairs categories: O, U, 1,3, X, and N from the day reported.
 - h. **The Housing Repairs Performance Rating.** Definition: The average score of how tenants rate our service; from 1 (poor) to 10 (excellent).
16. Other repairs related KPIs as required by DCLG or the Audit Commission will still require monitoring and data collection as necessary.

Including BV212 – Average days to re-let council houses – target 21 days.

SCDC’s current performance is 39 days – The DLO is only responsible for the maintenance element of a void (not the “ready to let” period) in the East and the West Areas.

17. **Strategic Direction of Travel for the DLO**

The strategic direction will be the specific responsibility of the DLO Strategic Management Board. Initially, to ensure the DLO consolidates its current position and stays on profile to make a surplus; by concentrating on successfully delivering on its core activity of housing maintenance. Then to develop the service to be in a position to successfully bid for and obtain more work from SCDC; other Housing organisations; neighbouring districts and, if appropriate, the private sector.

18. **Short Term Strategy**

This year the DLO will receive work to the value of £2,162,700 from SCDC. The strategic focus of the management team is to ensure that the service delivers this work on time, to a satisfactory quality, at a reasonable price **and** makes a surplus. This will strengthen the DLO’s position, and make it more likely to be considered for inclusion on tender lists for future SCDC refurbishment works.

19. **Medium Term Strategy**

To increase its share of the work it receives from SCDC by being included on SCDC’s tender lists, and then bidding for additional refurbishment works. The service will also need to start gearing up for tendering for the Responsive Repairs and Voids contract when it comes up for renewal in October 2008 (or 2009 if extended).

20. **Long Term Strategy**

Once the service has consolidated its position at SCDC, and is regularly making a surplus, its next objective will be to build on this position firstly by tendering for other

responsive repair and refurbishment contracts within the district e.g. for other Housing Organisations, and then for contracts in neighbouring districts.

Consideration to be given to diversification into the private sector market – Disabled Facilities Grant work, and a chargeable maintenance and refurbishment service for tenants, and owner-occupiers.

21. The Operational Goals for the DLO

Achievement of the operational goals will be the specific responsibility of the DLO management team. These are broken down into short, medium and long-term objectives:

22. 2006/7 – Short-term Key Goals for the service are:

- a. Financially to make a surplus.
- b. To deliver the allocated planned maintenance works within budget, to an acceptable standard, and in a timely manner.
- c. To ensure the performance and customer service levels are maintained or improved, achieving acceptable standards as monitored and measured through the new suite of Performance Indicators.
- d. To position the service so that it is able to gear up to compete for future refurbishment and Decent Homes works from SCDC.
- e. To streamline the service - introduce Hand-Held technology to the workforce and monitor its effectiveness.
- f. To tender and evaluate the potential effectiveness of externalising the stores function and procuring a single supplier for materials and goods.

23. 2007/8 – 2009/10 - Medium term goals for the service are:

- a. Successfully tender for SCDC's Responsive Repairs and Voids contract when it comes up for renewal.
- b. Increase resident involvement in shaping the service – e.g. Tenant Board membership, Contract monitoring meetings.
- c. Develop an appointment system (appointment offered at the point that the repair is requested) for urgent and routine repairs.
- d. Redesign the repairs service - develop 'Right First Time' Approach

24. 2010 onwards – Long term goals for the service are:

- a. Successfully tender for other maintenance and refurbish contracts within the district.
- b. Successfully tender for other maintenance and refurbishment contracts in neighbouring districts.
- c. Consider the development of a private sector arm to the business.

Conclusions/Summary

25. In recent years the DLO has gone through a troubled time and last year it made an operating loss. External Consultant's Echelon was employed to look at the viability of the DLO and, after consultation, devised a recovery plan to improve the effectiveness and potential of the service.
26. A Core group made up of stakeholders oversaw the recovery process. Most of the recovery plan has now been implemented, and a new DLO management put in place to take over from Echelon to manage and develop the future potential of the service.
27. The new management team has reviewed Echelon's aspirational draft Business Plan and devised a *working plan* to provide a clear purpose and direction of travel for the service based on consolidation of its core activity and then a structured market penetration strategy.
28. The setting up of a DLO Strategic Management Board to oversee this process is key to ensuring the DLO stays focussed on its strategic objectives.

Recommendations

29. To note the content and considerations of this report.

Background Papers: the following background papers were used in the preparation of this report: Echelons Draft DLO Business Plan

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