



## Report to Assets, Development and Investment Committee

18 February 2016

**Title:** Repair and Maintenance Contract – End of Third Quarter 2015/16

**Report of** Director of Customer and Communities

### Purpose of Report

1. To provide the committee with an overview of the repair and maintenance contract after nine months of the two year extension period.

### Background

2. As part of the arrangements for the extension of the contract between Gateshead Council and Mears, opportunities were sought for joint working with the council's Construction Services. Construction Services now carry out vacant property repairs in the East and Central Neighbourhoods, and across the whole borough carry out repairs to flat roofs and boundary works (fences and brickwork).
3. A number of employees have transferred over from Mears to Construction Services to carry out this work. Construction Services are working to the same vacant property targets and specifications as Mears.
4. At the last committee meeting on 4 November 2015 the contract review report for the first six months of the year 2015/16 showed that the new arrangements with two contractors had led to significant improvements in performance in meeting the lettable standard "right first time". Performance was also good against all of the key repair indicators. Gas servicing was an area for discussion by the Committee.

### Performance

5. Performance results for responsive repairs and for cyclical maintenance are included on a separate report on the agenda for this committee. These results relate to repairs carried out by Mears. All indicators are on target, with the exception of gas servicing (which has a 100% target).
6. There has been a significant improvement in gas servicing since Quarter 2 when there were 55 addresses classed as non-compliant. At the end of Quarter 3 there were only 7 addresses.
7. Performance on vacant property repairs features in the accompanying contract review document and both Mears and Constructions Services have contributed to

overall improvements in relet timescales and in getting the relet work completed right first time.

### **Contract Review**

8. The formal review document is included in the Appendix to this report. There are sections on:

- Responsive Repairs
- Performance Indicators
- Vacant Properties
- Gas Servicing
- Gas Repairs
- Cancelled Appointments
- Electrical Testing
- Painting and Repairs
- Aids and Adaptations
- Apprentices
- Customer Care
- Learning Modules
- Serving our Communities
- Value for Money
- ICT
- Service Improvement

### **Links to Values**

9. The report links to the values of being:

- customer focused
- open and honest
- accountable

### **Impact on tenants**

10. For most tenants, their contact with the services provided by the company is most likely to be linked to the repair service – and customers tell us through the annual survey that well maintained homes remains a key priority.

### **Risk Management**

11. The report links to the strategic risks around:

- delivering effective asset management
- delivering on new projects
- maintaining a positive reputation
- managing finances and delivering value for money
- effectively managing business continuity

### **Health Implications**

12. There are no health implications directly arising from this report.

### **Financial Implications**

13. The management accounts to end of third quarter 2015/16 will be reported to Resources Committee on 23 February 2016.

14. The overall position for repairs at the end of the third quarter is an under spend of £674,000. Although this would suggest that spend is on target there are a couple of areas of concern. Mears responsive repairs and relets are both over spent, partly due to Mears completing work they received in 2014/15 for which the budget has now transferred to Construction Services. Construction Services budgets are currently underspending partly offsetting the over spend. This area will be monitored closely, but there is a risk of an overall overspend at year end.

#### **Value for Money Implications**

15. Value for money was a key factor in the award of the repair and maintenance contract, and in the ongoing review of its operation.

#### **Recommendation**

16. The views of the committee are sought on whether the committee is satisfied with progress on the management of the repair and maintenance contract to the end of Quarter 3, 2015/16.

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# CONTRACT REVIEW

## April 2015 to December 2015



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Working in partnership for you

## Overview

The Partnership continues to work together to deliver the Repairs and Maintenance and Vacant Property Service to our customers and at the end of Quarter three we continue to achieve set performance targets across all indicators. Working with two repair partners continues to be beneficial, specifically in relation to performance improvements. At the end of Quarter three we have seen excellent improvements in the performance on work to vacant properties in terms of quality and timescales, sustaining these levels remains the main challenge for the remainder of 2015/16.

Repairs and works to vacant properties continue to be split between the two partners as follows:

### Mears

General Repair and Maintenance works

Vacant property repairs to South, Inner West and West neighbourhoods

### Construction Services

Repair and maintenance works to flat roofing and boundary treatments (including fencing and walls)

Vacant property repairs to Central and East neighbourhoods

## Responsive Repairs

At the end of quarter 3 the number of responsive repairs completed by Mears totalled 44,210 (46,839 including planned jobs). Jobs held from 2014/15 due to budget constraints were fully completed by the end of quarter two; however, quarter three has seen the introduction of budget control measures to protect the remainder of the 2015/16 budget. As a result, non-essential repairs are now on hold. At the end of December there were 741 jobs on hold which equates to approx. £74,000.

Cancelled jobs remain a challenge for the partnership with the main reason for cancelled appointments being no access. In these instances the customer has failed to allow access at the agreed appointment time. The partnership continues to monitor the levels of cancelled appointments, identify trends and aim to reduce numbers as this would benefit both the partnership and our customers.

Both Mears and Construction Services have adapted well to the changes in terms of transferred works and resources and improvements have been seen across the Partnership. We will work with both partners to maintain the high level of standards during the final year of the contract.

From late 2014/15 and throughout quarter 3 2015/16 TGHC have continued to see significant increases in the number of Section 11 Disrepair cases. Disrepair cases take a great deal of surveyor and customer care input and works once agreed must be prioritised to adhere to legal protocol.

During quarter 3 the jobs completed by Construction Services were reviewed with works being cascaded across various sections to ensure in-house delivery and best use of resources.

In an aim to manage the current budget we have introduced a process to hold non-essential external works such as boundary fencing and walls. As at the end of December there were 741 jobs held to value of £74,000. The value and number of held jobs will place additional pressure on the service during 2016/17 in terms of performance and budget.

## Performance Indicators

At the end of quarter 3 performance remains positive with all KPI's across the responsive repairs Service delivered by Mears exceeding target.

The number of responsive repairs completed within timescale continued to achieve target at the end of quarter 3 with a result of 98.04%.

Customer satisfaction achieved target at 98.63% by the end of quarter 3, this is a reduction against the quarter 2 result of 99.32%. Of the 5,770 surveyed, 5,691 customers were satisfied with the service they received.

The number of appointments made as a percentage of appointable orders continued to achieve target at the end of quarter 3 with a result of 99.45%, showing a slight improvement against the quarter 2 result of 99.37%.

The number of appointments kept with our customers within the 2 hour appointment slots as at the end of quarter 3 has met target with a result of 96.31% but has seen a reduction since quarter 2. The challenge of customers allowing access at the agreed time remains a challenge.

In an aim to sustain and hopefully improve the performance in Repairs and Maintenance, Mears and TGHC agreed a number of initiatives to investigate during 2015/16. Below are the initiatives and quarter 3 updates on progress for each:

- Identify training needs to upskill/multi skill operatives

Update – Review started in November 2015 and has identified training requirements. A training programme is currently being developed for roll out during 16/17.

- Consideration of mobile technology for supervisors

Update – The roll out of new Samsung Galaxy PDA's across the operatives is to start late February. Supervisors are to be issued with iPads by the end of quarter 4.

- Review of the planner role in the R&M service

Update – A consistent level of support and control is now achieved by the formation of one central team of planners. Resources, knowledge and enquiries are shared accordingly providing a thorough service to TGHC.

Challenges remain at the end of quarter 3 with the alignment of the ICT systems required to effectively manage the Repair Service. As a result, the production of performance information and system invoicing for Construction Services remain outstanding.

## **Vacant Properties**

Delivery on vacant properties in line with KPI's has seen significant improvements since the work was divided between the two Repair Partners. The number of vacant properties remained high during quarter 3 but the turnaround of work has much improved.

By the end of quarter 3 2015/16 there were 797 relets raised for Mears, 725 were completed during this period. Relet performance stands at 14.72 days (33.62 days at year end 2014/15) against a target of 11 days and major work performance at 52.27 days (111.71 days at year end 2014/15) against a target of 33 days. Of all jobs completed by end of December 2015 the number achieving timescale reached 39.72% which was a significant improvement from 4.74% at 2014/15 year end.

At the end of quarter 3 2015/16 there were 577 relets raised for Construction Services, 548 were completed during this period. Relet performance stands at 17.21 days against a target of 11 days and major work performance stands at 37.20 days against a target of 33 days. Of all jobs completed by end of December 2015 the number achieving timescale reached 36.50%.

The partnership has seen a significant improvement in the number of properties that are completed right first time during 2015/16. The table below demonstrates the increase in percentage of properties completed right first time:

	<b>Right First Time Rate (%)</b>
<b>Mears – Year end 2014/15</b>	70.37%
<b>Mears – End of Quarter 3 2015/16</b>	91.45% (89.69% end of Q2)
<b>Construction Services – End of Quarter 3 2015/16</b>	99.09% (98.84% end of Q2)

Joint planning of required works continues to increase partners knowledge of the standard. Instances in which the standard has not been achieved first time continue to be discussed on an individual basis between TGHC and Repair Partners to ensure learning is shared and feedback provided to both Supervisor and operatives.

Performance information on vacant properties is produced by TGHC with all information shared and confirmed with both repair partners to ensure accuracy prior to publishing.

Budget position was monitored throughout quarter 3 with a proposal for high cost / low demand vacant properties being held to control spend. Late in quarter 3 the process was implemented and by the end of December 2015 there were 3 high cost properties, low demand properties held to the value of £48,000. The process is set to continue into quarter 4. In order to maintain costs within the 2015/16 budget it is recognised that should the value and number of held void properties increase significantly this will place additional pressure on the service during 2016/17 in terms of performance and budget.

### **Gas Servicing**

Performance on gas servicing continues to a priority area for continuous improvement. Tenants failing to allow access for annual gas services continue to be a challenge. We have seen significant improvements in the performance at the end of quarter 3 with a result of 99.96%.

At the end of the quarter 3 there were 18,121 properties that required a gas service. Of this only 7 were outstanding at the end of the period. All 7 of the properties progressed to warrant stage through the legal process.

No access continues to be monitored by the Partnership. The Mears no access squad continue to work to keep the overdue LGSR's at a minimum level. The future of this additional level of service will be reviewed via a cost benefit analysis in Quarter 4, with a view to delivering an efficiency saving in 2016/17.

TGHC gas servicing team internal audit was commenced by Gateshead Council in December 2015 and examined procedures for sharing information across the partnership. Early indications were positive with the draft report presented for review at the end of quarter 3. An update on agreed recommendations will be provided in quarter 4 report.

Mears are currently working on a best practice workbook around gas servicing. It is hoped that this will be completed and shared with TGHC in quarter 1 of 2016/17.

The implementation of the gas servicing interface commenced in December 2015, further details can be found in the within the ICT update.

### **Gas Repairs**

Mears continue to call ahead prior to all gas repair visits in an aim to minimise no access but this remains a challenge for the partnership.

With new tenant gas safety checks forming part of the repair service we have seen improvements in the communication with customers and the access rate. Appointments are now booked in 2 hour slots pre-agreed with the new customer.

Mears attended TGHC HomeRepairs team meeting to complete a briefing to assist in the first time diagnosis of gas repairs. A factsheet was then produced by Mears to further support the call centre if the identification of fault finding codes.

### Cancelled Appointments

Cancelled jobs continued to be a challenge for the Partnership as at the end of quarter 3 of 2015/16 showing an overall increase in comparison to the same period last year although the number that impact on the repair partner has reduced.

The table below shows the number of cancelled appointments across the Repairs & Maintenance service as at the end of December 2015. These cancelled jobs have a direct impact on our ability to provide a more operationally efficient service. In these instances the operative would more than likely be at the property when the order is cancelled. In total there were 4,741 cancelled appointments which is a reduction of 360 in comparison to the 5,105 reported at quarter 3 of 2014/15.

Cancellation Reason	Q1	Q2	Q3	Total
Building Surveyor Required	9	4	14	27
Cancelled by Mears	38	10	6	54
Job Already Done	26	9	17	52
No Access (tenant did not keep apt)	1101	1094	1444	3639
No Work Required	188	196	267	651
Tenant Refused Access	8	8	16	32
Tenant Refused Job	86	96	104	286
	1456	1417	1868	4741

The number of cancelled appointments due to customers not allowing access continues to increase. Appointments are agreed and confirmed to customer at the point of raising a repair. Customers continue to receive calls and texts in advance of the appointment time in an attempt to gain access. There are occasions when Mears attend, gain access but no work is required. During quarter 4 we will continue to review cancelled orders to identify trends and generate efficiencies.

During the winter period of quarter 3 TGHC completed additional promotional work in customer publications to stress the importance of allowing access. We will continue to monitor no access and trends.

The table below shows the number of cancelled appointments across the Repairs & Maintenance service as at the end of December 2015. These cancelled jobs have no impact on our ability to provide a more operationally efficient service.

Cancellation Reason	Q1	Q2	Q3	Total
Tenant Cancelled Service Request	112	93	99	304
TGHC Instruction	831	1019	945	2795
Incorrect Description of Job	194	230	254	678
	1137	1342	1298	3777

Customers make contact to cancel their appointment in advance of the due date. In these cases there has been no lost operative time and this becomes an administrative task only.

The number of jobs cancelled at the request of TGHC remained high at the end of quarter 3. With the new BARIS interface now live with Mears, additional functionality can be made available to allow TGHC additional control of all cancelled jobs. TGHC are currently working with Mears to develop business processes to support this change.

## **Electrical Testing**

The electrical programme for Mears for 2015/16 consisted of 1,293 electrical testing orders.

At the end of quarter 3 there were 864 completed tests, 82 had been cancelled for no access, 11 had become vacant properties and 4 were on hold pending further attempts to gain access.

Of the outstanding 332 required tests, 238 have been carded due to no access and 94 have not yet been visited.

Electrical testing programme is scheduled on an 8 year cycle rather than the recommended 10 year cycle. Outstanding tests will be carried forward into future programmes.

## **Painting and Repairs**

The Mears painting programme for 2015/16 consists of 1,568 properties. Due to budget control measures TGHC are proposing to postpone the works to 2 estates (Milvain Close estate & Longbank estate), these estates would be completed at the start of the 2016/17 programme. This will be confirmed in the quarter 4 report. Mears are confident that the remaining 1,431 properties will be completed by year end.

Construction Services external programme consists of 1,059 properties, 6 sheltered schemes and a number of mid-rise blocks. At the end of quarter 3, 509 properties were completed. Construction Services are aiming to complete all of the remaining work by year end.

## **Aids and Adaptations**

As at the end of quarter 3 there have been 810 adaptation jobs completed by Mears with performance remaining in target at 99.75% completed in the target timescales.

## **Apprentices**

At the end of quarter 3 there are 18 apprentices on the Mears Gateshead Contract.

During quarter 3 an additional business administrator started with Mears, while 4 multi skilled operatives moved into full time employment.

The breakdown of apprentices at the end of quarter 3 on the Gateshead Contract was as follows:

Plumbers / Gas Plumbers – 5	Plasterer – 3
Electricians – 2	Multi-skilled – 4
Roofer – 1	Decorator – 1
Business Administrator – 2	

## **Customer Care**

At the end of quarter 3 complaints had increased slightly in comparison to quarter 2 to an average of 15 per month. The average time taken to respond to TGHC with supporting information has been on average 6 days during quarter 3.

As issue for our customer from complaints in quarter 3 related to the damage caused to white good during the renewal of kitchens. TGHC and Mears are working with the customers to ensure the working areas are as clear as possible for major works to commence.

The introduction of the BARIS interface has shown an increase in the information available to TGHC during complaint investigations.

## **Learning Modules**

Learning Modules have continued throughout 2015/16 including topics such as:

- Keeping the public safe
- Reduce, Reuse, Recycle
- Managing waste on site

Supervisors and Customer Care Officers have continued to deliver briefings to Operatives via tool box talks and PDA's on general house-keeping and communication.

## **Serving Our Communities**

Mears continue to work with TGHC and its communities to identify suitable projects to receive either financial or labour support.

Barmoor Hub Community Centre is to undergo works to replace all fascia and guttering.

Silverline Community, a Springwell gardening project and they are proposing the installation of an external composting toilet.

By the end quarter 3 a number of donations have been made including:

- £1,000 donated to Gibside School
- £200 donated to Text Santa
- £100 donated to The Children's Heart Unit Fund
- £100 donated to Smile For Life
- Parcels of food delivered to Gateshead food Bank

Mears continue to support the Percy Hedley Foundation and provide valuable work experience opportunities.

## **Value for Money**

With the improvement in the service delivery on vacant properties we are aiming to explore additional efficiencies during quarter 4. Conversations have started with Mears and Construction Services to review the inspection/joint planning process and the use of resources.

The pre-planning of external repair works issued to Construction Services has continued to minimise the number of variations populated while also improving the communication between the partners. Procedures and roles are to be considered during quarter 4 to establish any areas of efficiency in an aim to minimise duplication of works.

## **ICT**

The alignment of ICT between Repair Partner systems and TGHC Northgate system will allow increased functionality to support business processes, increase our ability to embed efficiencies for both Repair Partners and improve the customer journey in relation to the Repair Service.

BARIS interfaces went live with Mears on the 25 November 2015. The interfaces have shown an increase in available information when dealing with customer enquiries. Business processes are to be reviewed to ensure efficiency and best use of systems and minimise user input. With jobs in the old interface outstanding there is an element of dual input required by Mears. It is hoped that when the old interface is closed this will be reduced.

With work continuing on the development of the interfaces and Total system with Construction Services both operational teams worked together to produce a process map describing the delivery model, workarounds and any manual interventions required until BARIS interface goes live.

Temporary workarounds have been used to ensure that customer requests for works orders could be raised and passed to the Partner. Unfortunately the workarounds are not designed for high volumes of works orders and as a result some works orders have gone missing in the systems leading to Corporate Complaints from customers.

At the end of quarter 3 it was planned that the BARIS interface with Construction Services Total System would be ready for go live in early January 2016. At the point of writing this report the interface had gone live as of the 18<sup>th</sup> January 2016. Progress is being monitored.

The BARIS interface for gas servicing commenced in December 2015, minor amendments to the status update process have been identified. Mears ICT are working towards a resolution that will align both repairs and gas servicing systems into Northgate. Proposed commencement date for the transfer of order raising responsibility for gas services is January 2016 for services due in March 2016.

### **Service Improvement**

Construction Services have now been incorporated into the service improvement discussions and throughout the year the partnership have continued to work together.

Progress to date on key actions:

- New Tenant Gas Safety Checks integration into the Repair Service with 2 hour appointment slots has proved to be a success.
- BARIS interface with Mears went live in November 2015 and go live with Construction Services is planned for early January 2016.

The joint event originally planned for quarter 3, in which all partners were to share thoughts and experiences to celebrate success, identify priorities/improvement and innovations was postponed until the future of the Repair Service is confirmed.