

Annex 1A

Title:	EKH Report of Thanet Q1 2019 Performance
Meeting:	N/A
Date:	2.8.19
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Summary :	Details of Quarter 1 Performance for East Kent Housing
Recommendations:	That the contents of the report be noted.

EKH Performance Report

Thanet District Council provided East Kent Housing with an additional £182,250 revenue funding for the financial year 2019/20. Approximately 70% (£111,000) of this funding was to support additional income and benefits advisors being appointed, to help deal with the impact of the rollout of Universal Credit, as well as a share towards a further procurement officer (£9,000) and towards staff increments and annual pay rise (£43,000). This is the first year that East Kent Housing has had an increase in their management fee since its inception (other than for one off items), and pay rises, increments and other pressures have all been contained within the 2011 fee.

In order to help monitor the performance of EKH in certain additional areas, as part of the Improvement Plan additional indicators were developed and details of these and performance against these are included within Appendix one.

Procurement

We completed 5 specifications within the quarter across all areas, and were on target with this indicator. One of the agreed improvements was the Council allowing us to use external consultants to provide specifications where we don't have the in-house capacity or expertise.

We are still behind target on delivery of procurement, and this is our most challenging and complex area, as the process involves staff from EKH teams as well as the Council. We received 439 procurement enquiries relating to procurements during the quarter, and we have improved our performance in responding to those enquiries over the three months and are now slightly outside target.

Capital Programme

The level of spend will increase through the year against the agreed budget, and current spend has been limited which is partly due to procurements which are still being progressed. This includes roofs and cyclical decorations, which are two of the largest

spending contracts. There has been a delay on roofs due to further clarifications being needed during the tender process. We have profiled and pre-inspected work to ensure that the programme is accurate and, provided the contractors can deliver the agreed contractual volume, then spend will be on track for the period of the contract.

There has been some slippage on the kitchens and bathrooms programme, due to the new asbestos contractor not having sufficient resources in place to deliver the amount of surveys required.

The table sets out at Appendix 1C the plan for spend over the financial year. We will not be on target with the capital programme for Thanet mainly due to Royal Crescent. Following a tender exercise, we have evaluated a successful consultant who we will be able to appoint once we have followed a S20 leaseholder consultation process, provided there is no challenge. The consultant will undertake the initial task of scoping up the required works jointly with the council's conservation team and put together a revised budget and timeline for the required works. This will then follow through with the production of schedules of works alongside the required listed building/conservation area consents, tender package, appointment of contractor and overseeing of the actual works. We envisage that works on site will commence early in the financial year 2020/21.

Heating and Hot Water

As expected, the heating and hot water indicators for the contractor are below target. The current position is that LGSRs are at 100% across the EKH area, and Swale Heating (the interim contractor) is now carrying out boiler installations until the new contract commences.

Invoices Paid on Time

This was a new indicator for EKH to collect and is calculated using information from our client Council's. Performance in this area has improved and is now only slightly off target at 98.09 days for June.

Income Collection

The target for rental income is a target for the end of the year. Where households have built up arrears they generally do not have the funds available to repay in large amounts and performance should improve steadily during the year as repayment plans are organised, and performance against the target will only be met at year end.

The data however provides an indication of performance at the point of monitoring. The additional resources provided have been used to recruit 2 additional Income Officers and a Money & Benefits Advisor, to help deal with the impact of Universal Credit and the additional work that the system that this creates for EKH. These posts have been recruited to, and this is allowing us to contact 100% of those households that we know are moving to Universal Credit, to provide advice and assistance.

Overall performance is at expected levels, as modelled by us. Figures are affected by the timing of Direct Debits which are received monthly, whilst rent is due weekly, which can distort the figures.

The arrears are higher in Thanet than in other areas, as Universal Credit was introduced in Thanet nearly 12 months earlier than other areas and so there are more households on UC in that area and the impact on the arrears levels has been greatest here. Non UC arrears reduced during the quarter in Thanet. For more information on income collection please see below.

Rechargeable works orders raised

This is a new target for EKH, and we have achieved 100% for the last two months across East Kent, where applicable. There were no rechargeable works for Thanet (or Dover) during the period.

Single system actions

This is a new target for EKH, and we have achieved 100% on these actions. We have worked closely with the Council and are on target for the system to be implemented at the beginning of September 2019. For more information on the single system project please see below.

Complaints

Responding to complaints was outside target for April, but performance has improved and it is on target for the rest of the quarter. We only have one complaints officer, and we had an increase in member enquiries prior to the election, as well as the Easter holidays. We have now moved line management for this post, to build in greater resilience and cover.

Permanent staff in the organisation

We are slightly below target in this area. We have high turnover levels in our customer contact service, which is our entry level roles. We are working with a recruitment consultant to come up with a different model of recruitment in order that we can keep these posts fully filled.

We are also struggling to fill our management level posts whilst the councils undertake a review of East Kent Housing, and are having to use interim consultants in these areas.

Day to Day Repairs

Performance generally remains strong in this area with targets set at high levels and performance in most cases exceeding targets. The one area where performance is 0.38% below target is with the percentage of repairs appointments being kept. This is an area that we are working with the contractor to ensure that the target is met going forward.

Gas Servicing and Heating Repairs

Although for most areas performance has been below target, considering the wider issues with the heating and hot water contractor, performance has been at higher levels than may have been expected.

Void re-let times

The average re-let time for all voids, excluding major works, is very good when compared to an upper quartile level of 14 days.

However, there are a high number of properties that require major works to be undertaken prior to them being relet (66.6% of voids this quarter). In most cases these require works that involve the removal or repair of asbestos, and there is an automatic 14 day period of notification to the HSE, and this causes an additional element of delay.

Improvement Plan Outcomes

Improved Procurement

An overall procurement plan is in place with timescales attached to it, to help support delivery of the capital programme. Where contracts are in place, we usually meet the agreed spend but for a large amount of the capital programme, contracts have to be procured and this can result in delays as it can be difficult to meet the timescales for a number of reasons. Part of the procurement process is delivered by EKH, and part of the process by the Councils. EKH has recognised it lacks the skill sets in its staff (other than senior managers) to be able to produce specifications and so the Councils agreed that specifications could be outsourced, which has resulted in some improvement in quality. However the procurement process itself is complex and not easily understood by all members of staff, particularly as the process differs in each council. We have provided training to our staff and are working on providing supporting information to help them understand the process.

We have published our planned programmes to residents on a street basis, and staff are also able to provide this information to residents. However as there is only a 30% stock condition survey, the programme is only indicative until we have surveyed the properties to see if they are in need of the work.

There has been some progress in this area, and the appointment of an additional procurement officer has helped, but it still remains challenging.

Improved Contract Management

Contract management has been patchy across EKH and there has been a number of examples of poor contract management identified by internal audit, although they have also identified good contract management in some areas i.e. kitchens & bathrooms contracts with substantial assurance. All staff have received training in contract management, with written procedures in place to support this. In addition, the single system has a number of

contract management controls built into the system which will help to provide more robust monitoring, when the planned and repairs modules are implemented.

Rent Collection

Historically EKH has delivered extremely good performance in this area and been upper quartile, until the introduction of Universal Credit (UC). This has had a significant impact for all landlords whose tenants move to the new benefit. The impact has been acknowledged nationally and has been recognised by the Council providing additional resources to allow EKH to not only help limit the level of arrears but also to provide additional support and advice for residents.

EKH has recruited to the new posts, and revised and updated its operational procedures to reflect new working practices. The repayment of arrears for the majority of households will take many months and work by the National Audit Officer found that, on average, this will take 18 months. Analysis of rent arrears in Thanet shows that this area has matched national trends and we have already seen the levels of arrears reduce during the quarter for those households not on UC, and this reduction will continue throughout the year. We expect a similar reduction for households on UC as their payment plans come into effect, and we have targeted those households with the largest arrears first as these take longest to pay off. This does mean that it can take longer to see an improvement, but that the speed of recovery increases in Q3, and Q4.

Single System Implementation

Implementing the single system has been extremely challenging for EKH. The scale and complexity of the implementation, and the amount of resources needed, was not anticipated at the start of this project, as it is four separate system implementations, one for each council, as well as their respective interfaces and contractor interfaces. This has led to delays with implementation across all four councils.

The project has been financed by East Kent Housing, with loan funding provided by the Councils, and one repayment has already been made, with the remaining repayments due to commence next year.

Organisational Health and Sustainability

EKH has a People Strategy and has delivered a number of the actions, including developing values in conjunction with its staff, a new appraisal scheme based on those values, refreshing its staff health & wellbeing committee, and putting in place a staff reward scheme. Staff recruitment is traditionally challenging across the property services function, and retention can be difficult in customer services. We have a history of 'growing our own' staff and we have two staff in property services who have just completed their HNC with a further two who are on their final year, but they do of course require extra support until they gain experience as well as a qualification.

EKH carries out monthly complaints learning logs and this learning is also shared with our residents panel as well as with our staff, to ensure that we get a full range of inputs. We have changed our complaints service based on a response to resident scrutiny and this is an area that residents add real value to our services.

We now have a communications officer in post, and we now produce a fortnightly e-bulletin to our staff, and this is also helping support our communications with residents, including our resident newsletter, as well as ad-hoc communication messages and is working with our Residents Communications Group. They are also looking at getting our positive stories to help tackle the stigma of social housing, such as the Gardens competitions.

Resident Health & Safety

As you will be aware, we have had difficulties with the heating and hot water contractor, P&R, who failed to complete a number of gas safety certificates resulting in the need for urgent action and for new contractors to be appointed to ensure that the outstanding certificates were completed as quickly as possible. This service moved back to 100% compliance in July.

However, issues arose over other health and safety areas as a result of an internal audit commissioned by EKH, and this has shown limited or no assurance in a number of other areas; lifts, legionella, fire and electrical safety. All identified areas have either been completed or have actions being undertaken to ensure that residents remain safe in their homes, and the internal audit report will be discussed in full at a special meeting of the EKH Board on 22 August 2019.