

Annex 1

Title:	Q2 Performance Monitoring - East Kent Housing
Meeting:	TDC Overview and Scrutiny Panel/Cabinet
Date:	19 November 2019/16 December 2019
Author:	Deborah Upton, Chief Executive
Summary :	This report highlights the performance of East Kent Housing for Q2
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 are exceeding our targets for all indicators for this quarter.

We completed 7 specifications within the quarter across all areas, and were on target with this indicator. We received 321 procurement enquiries during the quarter, and we have improved our performance in responding to those enquiries and are now on target.

However, procurement remains our most challenging and complex area, as the process involves staff from EKH teams as well as the Council - East Kent Housing specify the work to be completed, and the Councils undertake the procurement and enter into the contracts.

Capital Programme

The level of spend will increase through the year against the agreed budget. 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, and this contract is now in place.

Decent Homes

We have improved in this area since Q1 and are exceeding our target. Only 8 homes in Thanet are recorded as not meeting the Decent Homes target. We will be working with residents to complete any necessary works by the end of this year.

Repairs Post Inspections

We have improved in this area since Q1, and we are now exceeding our target for Q2.

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 declined in Q2 due to resourcing issues in the compliance team, and this has now been remedied. 31 invoices were paid late.

Income Collection [yellow is last quarter]

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.

This additional resource means that we have been able to contact 100% of the households that have moved over to Universal Credit, and provide them with advice and assistance as may be necessary and the target has been met.

Overall performance is at expected levels, based on the continued expected roll out of the system.

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.

The level of arrears for households on UC fell by more than £22k over the quarter compared to an increase of more than £68k for the same period last year. The additional resources are therefore having a positive impact on the situation.

Non UC arrears increased slightly over the quarter but these are effected by the timings of Direct Debits which are received monthly, whilst rent is due weekly, which can distort the figures.

Rechargeable works orders raised

This is a new target for EKH, the recharging of works follows a formal procedure and includes a period of notification, appeal and then the Councils will register the charge. This means that the charging of works will take more than a month and so there is not a direct correlation between the number of charges and raised and required over a period

Single system actions

We have worked closely with the Council and we are currently starting a pilot of the repairs and planned maintenance modules with the finance team and the repairs contractor, Mears. This pilot should last for several weeks and we hope that we will then be able to process all invoices through the single system.

Complaints

Performance in this area has improved since Q1 and is now on target in all areas.

Permanent staff in the organisation

We remain slightly below target in this area. We have high turnover levels in our customer contact service, which is our entry level roles, and we now have an arrangement with a recruitment agency who provides us with staffing for three months and we can then convert those posts to permanent staff if they provide suitable, at no cost to EKH.

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

We are exceeding targets in this area, other than for repair appointments kept. Targets are very challenging, and customer satisfaction is extremely high.

Gas Servicing and Heating Repairs

Performance in this area has improved for Q2, and tenant satisfaction is only slightly below target which much higher than could have been expected, considering that this is an interim short term contract and demonstrates that the contractor and EKH have worked well together to maintain service during the demobilisation.

Performance with LGSRs has improved, and we now use the 64 day access process for all properties e.g. a resident is given at least 64 days to make an appointment and they are contacted 3 times within that period. We will then revert to a forced entry or legal process if we are unable to gain access.

Void re-let times

We are exceeding targets for non-major works voids. The average re-let time for all voids, excluding major works, is very good at just over 8 days against a target get of 16.5 and is also below 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 re-let. 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. In addition to which Mears who act as contractor for the building works has up to 30 days to deal with properties where certain major works are required. In addition there have been properties where adaptations have been needed to allow a person with disabilities to live in the property and these have taken in excess of 70

days in one case whilst the extent of works were agreed with social services which has adversely impact on the void time.

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 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

Following on from our previous limited/no assurance internal audit, we have now had an internal audit follow up report which says we are making good progress with our actions, and we have asked internal audit to revisit a number of areas which we believe now have reasonable levels of assurance. The first follow up audit for legionella has taken place and given a revised level of 'reasonable assurance', and others are due to follow.

The main fire prevention works contract has now been completed by the Council and we are expecting a programme from the contractor this week. They have been told to prioritise all

substantial (high risk) actions. The Council is letting a contract for the fire prevention works at Invicta House separate to the main fire prevention works programme, as there is a need to expedite these works. Unfortunately the first contractor withdrew their tender and the Council had to go back to the marketplace, which has led to a delay with the procurement. However we are expecting the tender exercise to be completed imminently.

The new gas contract is due to commence on 1 November, and the Councils have provided additional financing to EKH in order that we can resource a gas monitoring team to get the contract off to the best start. We have been having regular, weekly mobilisation meetings with Gas Call, the new contractor, and the outgoing contractor has already booked appointments for Gas Call in order to assist them with the LGSR servicing programme.