



INFRASTRUCTURE, GOVERNMENT AND HEALTHCARE

# VFM programme – Housing repairs follow-up

Oxford City Council

12 January 2009

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# Document control

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## Report status

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## Distribution of draft

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# Report

## Background and key issues raised in the original report

Our original review in early 2007 concluded that the Council's repairs and maintenance service performs good work and is well received by tenants. We particularly noted that a high proportion of emergency works were completed within the target timescales, that the extent of emergency works was reassuringly low, that there were good processes in place to ensure that gas appliances were serviced, that void turnaround times had fallen substantially but were still comparatively long, that a good proportion of stock met the Decent Homes Standard and that there were plans to improve the remainder, and that customer satisfaction had been improving.

We also noted that as well as providing a good quality service, Oxford City Homes had good processes in place to manage performance and actively sought ways to use information to improve its performance further. It had demonstrated good improvement over the previous few years.

Against that, however, we concluded that the service is expensive. The key reasons for this were:

- The number of repairs per property is higher than average. The Council is currently investing heavily in its housing stock in order to meet the Decent Homes Standard, and the demand for responsive repairs should reduce once the investment programme has been completed;
- Responsive maintenance spending is heavily skewed towards some properties. It is not clear the extent to which this is as a result of the condition of some properties or the nature of some tenants;
- Less work is recharged to tenants. This is partly because of the Council's relatively generous exemption policy. In addition, even when tenants are recharged for repairs relatively little income is actually received;
- Operative pay levels are relatively high, compared with other local authorities. However, there are understandable reasons for this and Oxford City Homes has effectively modernised its pay structure. In addition, Oxford City Homes' pay system ensures that there is a link between pay and performance for individual operatives;
- The overall benefits package for operatives is generous compared with private sector employers, including, for example, a final salary pension scheme, reasonable annual leave and generous "local" holidays;
- Sickness levels are high, particularly amongst trade operatives;
- The ratio of management and support staff to trade operatives within Oxford City Homes is relatively high. There are some examples where the management and administration establishment looks large;
- The level of recharges from central support services to Oxford City Homes is high in total and for individual functions where we have been able to make comparisons. When the cost of Oxford City Homes staff providing similar support functions is taken into account, the total cost is very high;
- The way in which Oxford City Homes costs its activity means that we are unsure whether different types of activity are charged an appropriate overhead rate. This could be a further contributory reason for the relatively high revenue cost of repairs.

We therefore developed and agreed a series of recommendations with management, together with a timescale for implementation.

### Process of implementation

When we took the original report to Audit & Governance Committee in July 2007 we commented that we were impressed with the response to our report made by Oxford City Homes – they had quickly identified who would be responsible for progressing individual recommendations and set realistic timescales for their achievement.

Further evidence of the proactive way in which OCH responded to our report was provided by the fact that they took a report to the Housing Scrutiny Committee in November 2007 detailing the recommendations made in our report and the progress they had made in implementing them.

### Progress with implementation

Recommendation	Action
<p>1. Further analyse responsive spend patterns to see whether it would be possible to reduce repairs activity by either better management of properties (eg by bringing forward Decent Homes work or undertaking more frequent property inspections) or by better management of customers</p>	<p>OCH has undertaken a significant amount of analysis. This has been used with other sources of information and in conjunction with other initiatives to:</p> <ul style="list-style-type: none"> <li>• Inform the Stock Condition Team, and therefore influence Decent Homes work</li> <li>• Inform the Estate Management Team of the top 100 users of the service. The EMT has subsequently made Tenant visits to most of these customers</li> <li>• Support the establishment of a Garage Team</li> <li>• Add weight to decisions on major projects relating to non-standard construction properties</li> </ul>
<p>2. Consider using the Contact Centre as the primary method of getting customer feedback on repair jobs</p>	<p>This has been considered but not pursued as OCH is introducing other methods of getting satisfaction responses from customers. This includes inviting customers to complete a feedback form immediately after jobs are completed (which has a return rate of 18% - well above the norm for "card" type surveys. In addition, OCH is introducing a new version of their IT system which will enable a text based satisfaction survey.</p>

Recommendation (cont)	Action
3. Consider the effect on voids periods when establishing the length of the advertising cycle under choice based lettings	Average relet times improved in 2007/8, but have deteriorated slightly in 2008/9 (currently around 26 days). They remain longer than average when compared to other authorities. OCH believes that one of the reasons for this may be to do with the impact of Choice Based Lettings (CBL), and our work on the City's CBL scheme (reported to Audit & Governance in March 2008) suggested that this might happen and that the CBL scheme should be reviewed after it has "bedded down" in order to see whether it could be "fine-tuned".
4. Consider introducing "total reward statements" for Oxford City Homes' employees	Total Reward Statements were produced for all staff at the end of March 2008. These set out the total value of benefits provided by the City Council, including, for example, the employer's contribution to the pension scheme and the value of additional holiday.
5. Reduce sickness absence levels to 10 days per trade operative	Despite pro-active management, early intervention and appropriate action being taken in accordance with the Council's sickness absence policy, in 2008 operative absence was an average of 14 days per operative per year. There has been a fair degree of long term sickness absence and with an ageing workforce this is always likely. Referrals to the Council's medical adviser have been regular and frequent and wherever early return on light duties is an option, arrangements have been made to accommodate this.
6. Review and reduce the number of management and support staff within Oxford City Homes	A full review of the establishment was undertaken and posts deleted. All vacancies are considered when they arise in order to determine there is a need to fill the post. In total, three front line supervisor, one surveyor and one senior surveyor posts have been deleted.
7. Consider the level of support costs recharged to Oxford City Homes	There has been no significant change to the support service recharges received by OCH. The Council will need to pay particular attention to the cost of support services if it decides to outsource the provision of leisure services.
8. Consider recalculating and if necessary amending the figures used for apportioning overheads to different types of work.	OCH has undertaken a complete review of its overhead apportionment system. The previous system dated by to CCT contracts, so a review was needed, but interestingly the overhead rates charged to different types of work have not changed significantly, with the exception of charges for gas servicing made to leaseholders (which have increased).

Recommendation (cont)	Action
<p>9. Make SOHA aware that the City Council assumes that TUPE would apply to any potential staff transfer and that there is a significant potential issue with pensions for transferring staff</p>	<p>This was actioned immediately, but unfortunately the Council was not successful in winning the contract. One member of staff transferred and the remainder either moved into vacant posts within the OCH structure or were brought into the expended team dealing with Decent Homes work.</p> <p>Subsequently, OCH have told us that Soha has announced that it intends to retender the contract, as part of a larger package of work. We assume that this is because of either inadequate performance or because the contractor was unable to operate within the tendered prices (or a combination of both).</p>
<p>10. Introduce a specific cost reduction target into the Improvement Plan, based initially on the budget savings required in 2007/08</p>	<p>Cost reductions had previously been implicit within the overall OCH budget, but are now an explicit part of the Business and Service Transformation Plan.</p>

### Overall conclusion

We are pleased to report that the Council has responded positively to our observations and recommendations.

### Acknowledgement

We would like to take this opportunity to thank OCH staff for their assistance and co-operation during this review.