

**Report of: Housing Scrutiny Committee**

**To: Executive Board**

**Date: 10<sup>th</sup> September 2007**

**Item No:**

**Title of Report : Housing Repairs Value for Money Audit**



### **Summary and Recommendations**



**Purpose of report:** To present to the Executive Board Housing Scrutiny Committee's recommendation on the Housing Repairs Value for Money Audit.



**decision:** No



**Portfolio Holder:** Councillor Patrick Murray

**Scrutiny Responsibility:** Housing Scrutiny Committee



**Board(s) affected:** All

**Report Approved by:** Councillor Ed Turner, Chair of Housing Scrutiny Committee, Jeremy King, Legal and Democratic Services, David Higgins, Finance and Asset Management



**Policy Framework:**



**Recommendation(s):** The Executive Board is asked to respond to the Scrutiny Committee's recommendations:



1. If it agrees or disagrees with the recommendations outlined.



2. If it agrees when will the recommendations be implemented and who will take the lead?



3. If it disagrees why?



4. If more information is required from other officers when that will be considered?

## 1. Minutes of the Housing Scrutiny Committee – 8<sup>th</sup> August 2007

### 26. HOUSING REPAIRS VALUE FOR MONEY AUDIT

*The Head of Legal and Democratic Services submitted a report on the Housing Repairs Service Value for Money Audit (previously circulated now appended), which was considered by the Audit and Governance Committee on 28<sup>th</sup> June 2007. An extract from the unconfirmed minutes of that meeting was also submitted (previously circulated now appended).*

*Roy Summers introduced the report.*

*Councillor Turner asked with regard to the cost of responsive repairs whether any work had been done to bring these costs down. In response Roy Summers said that costs in Oxford were generally high, as living costs in Oxford were higher than average. Salaries for trade operatives were also higher than average as a result. He said that the report had been produced by KPMG, which used UK wide data when comparing the costs. He further added, following questions concerning the 80/20 split whereby 80% of responsive repairs were carried out on 20% of the housing stock, that this figure came from KPMG and as a result of this Officers had been tasked to look into the reasons for this split. For example, was it due to the age of properties which meant more maintenance work had to be undertaken?*

*In response to questions concerning re-charge rates to tenants, Geoff Corps said that KPMG and the Housing Quality Network (HQN) felt that the rates of re-charge were low. Currently 10% of works were re-charged and Officers are working towards raising this level, both on the amount of re-charge and on the collection rates. He said that the target was a 10% improvement rate of collection year on year.*

*Councillor Turner said that the Council should aim to collect more than the current 16% on re-charges and that while some properties maybe of a lower quality and require more maintenance, there was a minority of tenants that did not show respect to their properties, and that this minority would continue to cost the Council money in repairs.*

*Roy Summers in response to questions on satisfaction said that there might be the possibility of using the Contact Centre to phone the tenants who had received a repair to see how satisfied they were, however this would depend on the amount of capacity in the Contact Centre to undertake this. Geoff Corps added that Officers were also looking at the timing of when satisfaction/feedback cards were left/sent out to tenants following a repair to ensure as high a return as possible.*

*Councillor Turner said with regard to the Voids Pilot that he understood that it was still ongoing and had not been made permanent. In response Geoff Corps said that the policy was still the same and that a report on the pilot would be submitted to the November 2007 meeting of the Housing Scrutiny Committee. He said that the policy prior to beginning the pilot was to bring void properties up to the Decent Homes Standard (DHS). During the pilot scheme kitchens and bathrooms in reasonable condition would not be replaced. This was also the case for the heating system, unless it was a requirement to replace it. He said that the idea was to let the properties as quickly as possible, so reducing the void time and the rent loss. He further added that no internal decorations were being undertaken and that the tenants were being offered redecoration packs.*

*The Committee complimented Oxford City Homes for the work of the Gas Term.*

*With regard to staff sickness levels, Councillor Roaf asked what the average sickness level was amongst the Management of Oxford City Homes. In response Roy Summers said that the sickness level amongst Managers was low, but that amongst the operatives it was 50% higher than non-manual staff. It was recognised*

*that the sickness levels for operatives tended to be higher than office based staff due to the nature of the work. He added that in the report KPMG only looked at sickness levels amongst operatives.*

*Councillor Scanlan asked to what extent did Oxford City Homes use external contractors. In response Roy Summers said that the amount of work done by external contractors was being reduced where possible unless it was specialist work, which could not be carried out by Oxford City Homes operatives. Geoff Corps said that in 2002 the Council had taken back the Gas Inspection contract and that the cost of this service was the same as in 2002, but the quality had increased.*

*Roy Summers said that Officers were looking at recharges to Oxford City Homes from other parts of the Council, such as through Service Level Agreements etc. and that this had already been done with Human Resources and work was currently underway with Parks Services, with Business Systems to follow. High recharges were one of the factors identified by KPMG as a contributor to high costs of the service.*

*Councillor Roaf said that the service was working hard, and that more could be gained from conducting a staff survey. In response Geoff Corps said that a staff survey was carried out every 6 months and that the last one received a response rate of 60%, which was very encouraging. He further added with regard to the recommendations in the report from KPMG which the Management had agreed, they would be monitored by KPMG through their K-Client System and reports on the implementation of these recommendations would be submitted to the Audit and Governance Committee.*

*The Committee agreed:*

- (a) To recommend to the Executive Board that the issue of recharges to Oxford City Homes from other parts of the Council was very important and that these costs should be reviewed as a matter of urgency. A report should be presented back to the Housing Scrutiny Committee within the next 6 months on how these costs are being dealt with;*
- (b) To congratulate the work of the Gas Team;*
- (c) To request the Head of Oxford City Homes to submit a report to the November 2007 meeting of the Housing Scrutiny Committee detailing the Action Plan and progress on the implementation of the KPMG recommendations contained within the Responsive Repairs Value for Money Review;*

## **2. Background**

- 2.1 The value for money audit of the housing repairs service has been carried out by KPMG as part of their audit programme for Oxford City Council. The results of the audit were considered by the Housing Scrutiny Committee because of the on-going interest in this important service to Oxford City Council housing tenants. For a number of years the Committee has considered performance reports in relation to housing repairs. The value for money study complements this element of scrutiny.
- 2.2 The Scrutiny Committee was encouraged by many of KPMG's findings. Among the key messages were:

- The proportion of emergency and urgent repairs completed within the target timescale is high;
- The proportion of expenditure on urgent and emergency repairs works is very close to the 10% target set by the Audit Commission;
- Oxford City Homes has good processes in place for servicing gas appliances and few homes go more than a year between services.
- Tenant satisfaction levels are around average compared with other councils, but have shown significant improvement since the last survey in 2003.

2.3 However, KPMG have found the service to be expensive. The reasons for this include:

- The number of repairs per property is higher than average;
- Less work is recharged to tenants, partly because of the Council's generous exemption policy, but also where tenants are recharged, very little income is received.
- Sickness levels are high, particularly among trade operatives;
- The ratio of management and support staff to trade operatives within Oxford City Homes is relatively high;
- Operative pay levels are relatively high, although there are understandable reasons for this (such as construction activity along the M40 and M4 corridors and major construction in London meaning that pay has to be competitive in order to retain staff).

2.4 KPMG has made a number of recommendations which Oxford City Homes have agreed to and will be implementing. The Housing Scrutiny Committee will monitor the implementation of these recommendations. However, the Committee has decided to make a recommendation to Executive Board on the issue of recharges.

### **3. Recharges from Central Support**

3.1 KPMG identified that recharges from central support as another contributory factor that makes the housing repairs service expensive. The report says:

3.2 "The level for 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."

3.3 KPMG have made a recommendation about reducing the number of management and support staff at Oxford City Homes. Housing Scrutiny Committee has asked for an update on how this is being addressed to come to the Committee in November 2007. However, the Committee would also like the Council to consider the level of recharges to Oxford City Homes, in line with the KPMG recommendation to:

- Consider the level of support costs charged to Oxford City Homes.

3.4 Reviewing the level of recharges made to one part of the organisation will have obvious knock on effects across the whole Council. The Housing Scrutiny Committee believes that there needs to be a cross council approach to the issue of recharges. Oxford City Homes aren't in a position to consider the level of recharges they pay in isolation from the rest of the authority.

3.5 Therefore, Housing Scrutiny Committee would like the Executive Board to instruct officers to consider the level of recharges to Oxford City Homes and to the other business units in the Council, to ensure they accurately reflect the level of service provided and don't artificially inflate the costs of the repairs service (or other frontline services provided by the Council).

#### **4. Comments from the Portfolio Holder (Councillor Patrick Murray)**

4.1 The portfolio holder had no comment to make on this recommendation

#### **5. Comment from the Portfolio Holder (Councillor Jim Campbell)**

5.1 As a member of Audit & Governance I would endorse Michael Lawrence's comment that we have already agreed to look at the recommendations of the KPMG report. And as portfolio holder I am against looking at recharges at this stage before we know the outcome of the business unit restructuring (which should be complete by the end of this calendar year).

#### **6. Comments from the Strategic Director (Michael Lawrence)**

6.1 The KPMG recommendation was accepted by Directors at the Audit and Governance Committee and the ongoing review of recharges is an integral part of the budget and business planning process.

#### **7. Comments from the Strategic Director (Mark Luntley)**

7.1 Support Services in total accounts for 6.13% of the total gross expenditure budget of Oxford City Homes, Accountancy by itself is 0.91%. Accountancy services include; budgeting, monitoring, production of statement of accounts, housing subsidy, managing cash balances, VAT.

7.2 The Accountancy service will soon be benchmarked and as part of this years budget process the Accountancy recharge will be reviewed.

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**Background papers:** None

