

Report of	Team	Job Title
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Name of Report	Date of Report	Agenda Item	Status
Quarterly PFI performance report to London Borough Islington	July 2010		Information

Performance of PFI 1 and PFI 2 Contractor - Partners for Improvement in Islington

1. Synopsis

This report provides information about the performance of Partners in delivering the PFI1 and PFI 2 contracts for the refurbishment, maintenance and housing management services to 6,436 Council owned dwellings across the borough.

2. Recommendations

2.1 That LBI notes the information provided in this report.

3. General Performance – HFI Performance Basket

3.1 Partners scored 7.48 in the PFI 1 June 2010 performance basket for their overall service and 7.68 on a year to date basis from 1 April 2010. Scores between seven and nine are rated good, and between five and seven are rated satisfactory.

3.2 In the June 2010 PFI2 performance basket Partners achieved 7.87 for their overall service and 8.47 on a year to date basis.

4. General Performance – All performance Indicators and deductions

4.1 Partners have met the majority of their targets for contractual Key Performance Indicators (KPIs) for both PFI 1 and PFI 2 contracts in 2009/10.

4.2 The annual headline targets exceeded for 2009/10 targets were:

- The average relet time for minor voids was 14 days on PFI 1 and 17 days on PFI 2.
- The percentage of repairs completed on time for both PFI 1 and 2 was above 99%.
- The rent collection rate was 99.3% for PFI 1 and 99.7% for PFI 2
- Repairs satisfaction was 88.5 % for PFI 1 and 88.9% for PFI 2

- 4.3. The annual targets were not met for compensation paid within 10 days or meeting ASB standards (see paragraph 14). Partners failed to meet the correspondence, complaints and member enquiry response times in PFI 1 once and PFI 2 three times out of 56 measured by the KPI. However they have significantly reduced the complaint escalation rate this year from stage 1 to stage 2 (see paragraph 5).

Deductions were made for the following:

Key Performance Indicator	PFI 1 /2	Amount deducted	Reclaimed by Partners
1. Complaints not responded to within 10 days	PFI 1	£ 354.01	YES
2. Compensation claims compliance with LBI policy	PFI1	£ 2,856.50	NO
3ASB standards not met	PFI 2	£ 2,000 (not finalised)	NO
4. Complaints not responded to within 10 days	PFI2	£ 504.48 and £1045.82	YES
5. Members enquiries not responded to within 10 days	PFI2	£ 522.45	YES
6. Unavailability deduction- property let did not meet standard	PFI2	£ 5,335.05	YES

- 4.4 The Payment Mechanism in the contract allows Partners to make up for poor performance by exceeding targets later in the year and earning bonuses to reclaim certain monthly deductions. However, the record of not meeting the standards remains as do some of the deductions.

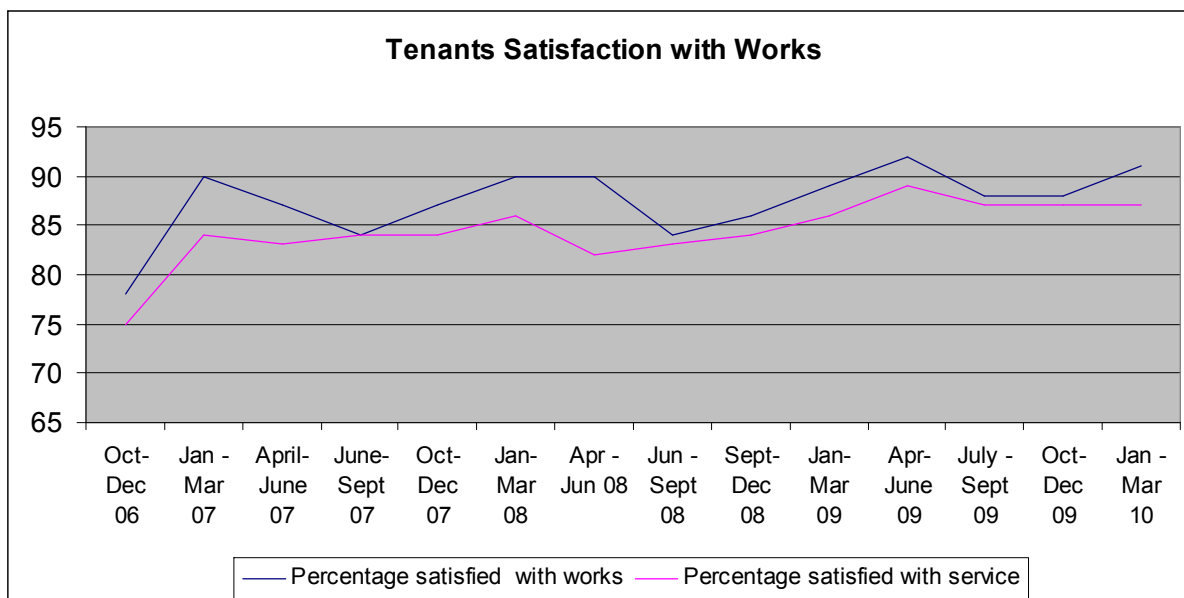
5. Complaints

- 5.1 HFI is continuing to monitor closely the number of complaints and the escalation rate. Significant reductions in the escalation rate have been achieved. The number of complaints received in the quarter April to June in PFI 1 was 15 and for PFI 2 it was 47, this is a slight increase to the previous quarter totals of 19 and 36 respectively.
- 5.2 PFI 1's escalation rate has fallen from 25% in April 2009 to 15% in April 2010 and PFI 2 rate fell from 14% to 10% over the same period. HFI's rate last year to April 2010 was 9%.

- 5.3 For the period April 2010 to June 2010 the escalation rate from Stage One to Stage Two for both PFI 1 and for PFI 2 was 7% demonstrating a continued decreasing trend.
- 5.4 Partners have agreed to implement the new two stage complaints policy of the Council from the 6th September 2010 and they will also be using the authority's complaint monitoring system that records all complaints.

6. Refurbishment Works

- 6.1 The PFI1 programme is complete and 96% of tenanted dwellings reach the decent homes standard. Around 70 tenanted homes could not be refurbished because of the age and vulnerability of the residents and will be refurbished as they become vacant. Five of these have been completed since the end of the works period. Agreement has now been reached with Partners that they will fund the refurbishment of these homes to the contract Availability Standard.
- 6.2 Partners continue to make good progress in refurbishing properties in the PFI 2 contract and are well ahead of the contractual milestones. At the end of June 2010 they had completed the internal works to 1,866 tenanted homes and 723 leasehold units. Although the contract requires Partners to finish works by 31 March 2012, they anticipate that they may complete works in 2011. So far 76% of homes meet the Decent Homes standard.
- 6.3 HFI plan to carry out sixty quality checks on Partners' refurbishment work during the current financial year 2010 to 2011.
- 6.4 Partners agreed to re-inspect and rectify lofts to all 1077 properties refurbished since the commencement of the contract. There are currently 241 left with United House to re-inspect.
- 6.5 Recent surveys of tenants whose homes have been refurbished show continuing high levels satisfaction with the refurbishment works and with the service provided by Partners. For the quarter January to end of March 2010, 91% of tenants were satisfied with the quality of works and 87% were satisfied with the service they received from Partners. The contract target is to achieve satisfaction levels in excess of 69%.
- 6.6 The graph below shows leaseholders' satisfaction with refurbishment works to their homes. For the cumulative period January to the end of April their satisfaction with the works rose from 85% to 87% and with Partners' service to 94%. However the associated survey of leaseholders also highlighted some concerns about the quality of external painting, tidying up and with the length of time that scaffolding was kept up. HFI will be discussing Partners' methods to deal with these issues.



7. Loft Insulation - PFI1

7.1 The PFI1 contract excluded the provision of loft insulation in the properties. HFI is working with the Council's Green Living Centre to find ways of funding such works and has given the council data on the properties. The Council is considering the need for insulation schemes across the borough and is evaluating the likely costs of this work.

8. Limits on Electrical Works and Kitchens and Bathrooms- PFI2

8.1 The PFI2 contract sets a cap on the amount of electrical work and kitchen and bathrooms that can be funded from contract fees. The limit for electrical rewiring has now been reached. HFI is negotiating with Partners to seek a value for money arrangement to complete the work to the remaining tenanted homes. The contract also caps the number of bathrooms and kitchens that can be replaced in tenanted homes and that threshold is about to be reached. HFI is also requesting the council to consider funding options for these items together with the rewiring work.

9. Subsidence and Leasehold Insurance

9.1 In the PFI2 contract building, the council has the liability for building defects such as subsidence and structural cracking which were not shown in the stock condition survey before the start of the contract. HFI is considering each case in detail before accepting liability for these works and their extent and is liaising with the Council on the funding options. HFI is also evaluating liabilities stemming from leaseholders' building insurance claims that have been repudiated by the insurers.

- 9.2 Three urgent cases at 4 Almington Street, 36 Highbury Hill and 507 Caledonian Road have been agreed for funding and works to them are well underway.
- 9.3 The PFI team meets with Partners each month to call over individual cases to prioritise the programme of works and ensure costs are agreed.

10. Deconversion and Overcrowding Works

- 10.1 The Council has funding from the Government to ease overcrowding by the provision of larger family sized units through the deconversion of smaller flats into bigger homes and/or through the incorporation of unused rooms. Partners and HFI are working together on this project.
- 10.2 So far three schemes have been completed, creating three additional bedrooms and one larger 6 bedroom unit from two smaller flats. There are currently four schemes on site that will create an additional 10 bedrooms and there are six schemes to go on site in July and August that will create a further 12 bedrooms and 2 schemes are at the feasibility stage.

11. Leasehold issues

- 11.1 Lateral conversions – PFI 2 leaseholders living in a laterally converted building in non-spanning flats are being written to advise them that their lease has an error and offering to rectify this free of charge. 22 leaseholders have been written to so far and the remainder will be contacted by the end of August. This timescale has slipped due to the leasehold team dealing with queries generated from the issuing of recent service charge bills. There has been a low level of interest and take up of the offer to change leases. Partners advise solicitors at sale if the lease has an error.
- 11.2 Agreed Maximum Price – The variation to finalise the introduction of Agreed Maximum Price policy and to clarify the position for future bills on PFI1 has been signed. Information gathering is taking place for the PFI 2 variation.

12. Best Value Review of PFI 1 Contract

- 12.1 The review focused on methods to raise customer satisfaction and meet customer priorities. The recommendations of the review were fed into a Best Value Plan and HFI monitors its implementation. The table below gives the latest progress.

Summary of Progress on PFI Best Value Review Action Plan

Status	Progress
Number of actions complete with evidence	29

Status	Progress
Actions complete but target date not due	8
Actions cancelled	1
Actions outstanding pending evidence	0
Total number of actions	38

12.2 It was agreed that eight actions require the results of the 2010 STATUS satisfaction survey to measure successful completion. However, the government recently suspended the survey and we are currently in discussion with Partners to agree how these areas can be evaluated to determine the outcome of the Best Value Review.

13. Benchmarking and Market Testing of PFI 1

13.1 As previously reported the PFI 1 contract requires a benchmarking exercise to test the quality and competitiveness of the tenancy and leasehold management services and the ordering of repairs. The benchmarking, through comparison of standards, performance and costs with other leading service providers, is intended to show whether the current price of the PFI1 contract is value for money and could lead to market testing of the services.

13.2 HFI and the council did not accept the benchmarking report compiled by Partners. The next step should be market testing but bot parties agreed to suspend market testing until the end of August to try and reach agreement on efficiency savings that could give value for money without the need for market testing.

13. Anti-social behaviour audit

13.1 In April the HFI PFI Commissioning Team carried out an audit of Partners' ASB cases as a result of concerns expressed about a case that had been forwarded by Cllr Terry Stacey. The team looked at three cases drawn from 13 that had been subject to complaints or members enquiries in the period 2009/10.

13.2 Partners are required to meet the Authority's requirements in dealing with ASB cases and there is a contractual nuisance and harassment KPI that Partners must satisfy for each case.

13.3 In two out of the three cases the HFI team judged that the KPI had not been met. Although procedures had been followed there was not swift enough evidence gathering and follow up action to stop the ASB and prevent the complainant suffering longer than was necessary.

13.4 As a result Partners have produced an action plan to address the shortcomings identified in the audit. This includes;

- High level review of all live cases

- ASB accreditation training for all case officers and team leader.
- More robust and systematic monthly team leader review
- Improved proactive evidence gathering
- 3 month programme of tool kit talks – for better use of powers
- Regular meetings with ASB solicitors
- Quarterly internal audits to pick up any issues

13.5 Partners have already started to implement many of the improvements in the action plan and they have reviewed all their cases open in 2009/10 (over 100). Partners have reported only one case that they consider does not meet the required standard suggesting there is not widespread failure of the service. However, the PFI Commissioning team are reviewing the 2009/10 cases in the year end KPI and a repeat audit will be carried out in December to check that improvements have been implemented.

13.6 As noted earlier in the report (4. Performance) the level of contract deductions relating to ASB failures has yet to be finalised although a deduction of £2,000 (the maximum permissible) has already been made for a PFI 2 case that related to 2009.

14. Residents Forum

14.1 The Chair of the Forum met with representatives from Partners, HFI and the Council to clarify some organisational issues affecting the running of the Residents Forum. It was agreed that:

- Meetings would be open to the public as observers
- Meetings would be held at various community venues
- Agenda planning will be done with Partners in advance of the meetings
- The Chairs report reflects the views of the Chair only.
- Expenses for some stationary and phone calls need to be agreed.

15. Shared Good Practice

15.1 At the request of the Chair of the Residents Forum a list showing items of Shared Good Practice has been provided at Appendix 1.

16. Conclusion

16.1 The Key Performance Indicators show that Partners continue to provide a good housing management and repair service.

16.2 The refurbishment programme for PFI 2 is ahead of plan. Satisfaction with improvement works remains high.

Background papers:

Partners for Improvement in Islington contract documents.

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