

| Report of | Team | Job Title |
|-------------|-----------------------------|---|
| Simon Kwong | Chief Executive Directorate | Director of Performance and Service Development |

| Name of Meeting | Date of Meeting | Agenda Item | Status |
|----------------------------------|-----------------|-------------|----------|
| Performance Management Committee | 1 February 2010 | 7 | Scrutiny |

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 this committee notes the information provided in this report.

3. General Performance – HFI Performance Basket

3.1 Partners scored 9.47 in the PFI 1 November performance basket for their overall service and 7.63 on a year to date basis from 1 April 2009. Scores between nine and ten are deemed to be excellent and those between seven and nine are rated good.

3.2 In the November PFI2 performance basket Partners achieved 8.20 for their overall service and 7.05 on a year to date basis. Partners' performance fell below the target for visiting new tenants within four weeks of the start of their tenancies

3.3 The lower year to date scores stem from underperformance in previous months for re-letting voids and handling complaints and member enquiries within the 10 day turnaround times. These shortfalls have since been rectified.

4. General Performance – All performance Indicators and deductions

4.1 Partners continue to meet their targets for contractual Key Performance Indicators (KPIs) for both PFI 1 and PFI2 contracts.

- Up to the end of November 2009, the average relet time for revenue voids on a year to date basis was 13 calendar days in PFI 1 and 20 calendar days in PFI2. The contract target is 27 calendar days.
- Since April 2009 there have been deductions of £480.78 in PFI1, as a result of the failure to respond to a member's enquiry (a 2008-09 case) within the target period of 10 working days. There was a deduction of £4,742 for not meeting the payment of compensation within timescale for 2008/9.
- In PFI 2 since April 2009 there have been deductions of £1550.30 for complaints not responded to within 10 working days, £522.91 for late

responses to two members' enquiries and £2,750 for over-running the contractual time to complete refurbishment works in one tenanted home.

5. Complaints

5.1 The Best Value report for PFI1 highlighted concerns about the escalation rate from stage 1 to stage 2 and rectifying this issue became an important objective in the Best Value improvement plan. Partners are continuing to focus on reducing the escalation rate between stage 1 and stage 2 complaints. They have agreed to a further 5% target reduction to 19% by the end of March 2010 on PFI 1 and for the escalation rate on PFI 2 to go no higher than 10%. Both targets will be reviewed in March 2010 with a view to agreeing a new 2010/11 target. The HFI escalation rate for stage 1 complaints to stage 2 is currently 7.1%.

5.2 To assist the Performance Management Committee in its scrutiny of the PFI contract, Partners have provided information on how they manage the complaints process and the kinds of complaints they have received. See appendix 1.

6. Refurbishment Works

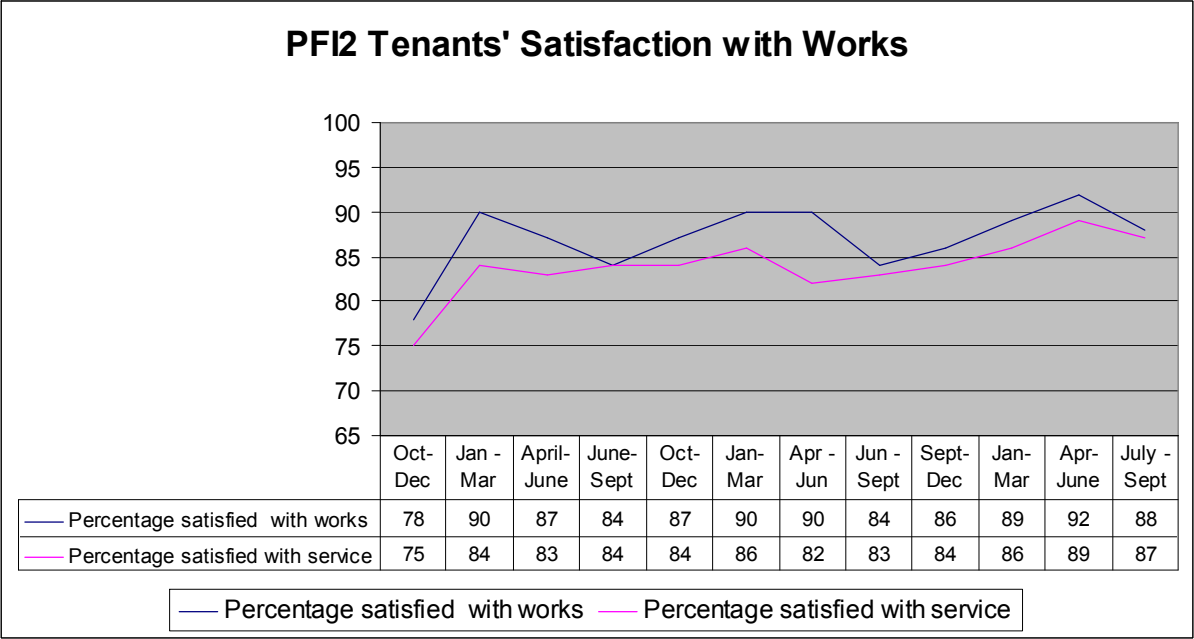
6.1 The PFI1 programme has now been completed and 96% of tenanted dwellings reach the decent homes standard. Around 70 tenanted homes could not be refurbished because of the age and vulnerability of the residents and will be refurbished as they become vacant.

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 November 2009 they had completed the full works to 1721 tenanted homes and 622 leasehold units. Although the contract requires Partners to finish works by 31 March 2012, they anticipate that they may complete works in 2011. During 2010 Partners will be focusing their efforts on tackling the properties with structural and subsidence problems.

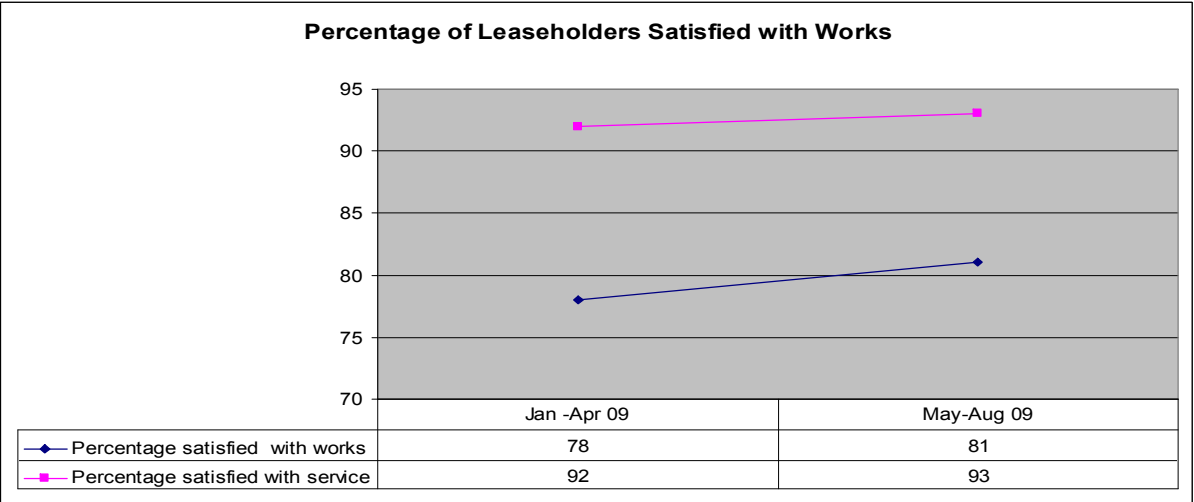
6.3 HFI carries out quality checks on Partners' refurbishment works and has completed 60 checks out of the planned minimum of 72 this year. Tenants have been interviewed at the same time as the checks and they have scored an average of 6.15 out of 10 in response to a range of questions about their experience of the works and customer care. HFI's inspector scored an average of 7.0 out of 10 for the quality of work in progress and health and safety. The recent checks indicate that Partners were still failing to ensure that loft insulation had been installed consistently in every property. Partners have committed to return to all previously certified properties to check them and rectify those without loft insulation. With this aim, they have recently reported checking and passing 300 lofts and are processing the remaining 500. HFI are closely monitoring progress.

6.4 In Partners' own surveys on refurbishment works, tenants' satisfaction is shown to be at high levels with the quality of works and the service provided by Partners. For the quarter July to end of September 2009, 88% 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%. The graph below shows the satisfaction rates from contract start in October 2006 to end of September 2009.

Percentage of Tenants' Satisfied with Refurbishment Works in PF12



6.5 In 2009 Partners started carrying out surveys to measure PF12 leaseholders' satisfaction with refurbishment works. The graph overleaf shows survey results achieved between January and August 2009. Leaseholders' satisfaction with works increased from 78% to 81 % and from 92% to 93 % for the service provided by Partners.



6.6 In 2009 Partners started contractual cyclical maintenance works to properties in PF11 that had been refurbished earlier in the life of the project. HFI will start checking the quality of these maintenance works in 2010.

6.7 As part of the scrutiny of the PFI contract, Associate Director Susanne Lamido accompanied HFI's Technical Contract Manager to some inspections of properties that had recently undergone refurbishment works. As chair of the PFI Residents Forum she also receives reports from time to time from residents on their experiences of the works. Whilst not intended as a representative survey, the feedback from residents is important.

6.8 A significant problem appears to be the gap between the sign off of a property as meeting the contractually required standard (the Availability Standard) and the list of snagging items made at the sign off inspection. Susanne Lamido reports that the snagging items (intended to be items which need to be corrected but are not part of the Availability Standard) are not resolved by Partners. Partners need to tighten their procedures to ensure that these items are completed within the 20 working days required in the contract.

6.9 Susanne Lamido also reports that Partners are not giving enough assistance to residents to retrieve their property from storage and reinstate their home after the refurbishment works. In some instances residents have not been able to get their property back from storage for some months after the completion of works.

7. Subsidence and Leasehold Insurance

7.1 A number of properties have been identified by Partners with major structural / subsidence problems that were not found in the survey of properties carried out before the start of the contract. HFI is considering each case in detail before accepting liability for these works and their extent. The problem is compounded in a number of cases where leaseholders' building insurance may be compromised. Meanwhile the Council is considering how to fund these liabilities.

8. Deconversion and Overcrowding Works

8.1 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. So far three schemes have been completed, creating three additional bedrooms and one large 6 bed unit from two smaller flats. Three schemes are due to start in February. Two other schemes are the subject of feasibility studies.

9. Outturn for Annual Service Plan 2009-10

9.1 In November 2009 Partners were awarded the Customer Service Excellence accreditation and thereby completed the last remaining task listed in their annual service plan for 2009-10. HFI is delighted that Partners have been successful in collecting this award which shows their commitment and progress towards improving their customer services. Implementation of the 09-10 service plan resulted in a significant upgrade of Partners' web site and the establishment of a new residents' involvement register which was used in two consultation events.

10. Equalities and Diversity

10.1 Partners have an equalities plan for 2009-2010 which aims to improve access to services and improve customer service. They have completed 13 of the 16 items planned to be done by the end of December 2009. A further six are programmed to be finished by the end of March. Items remaining to be completed include putting translated leaflets on the website and the installation of an audio and translation function. Partners have a programme of equality impact assessments as part of procedure reviews but details about which impact assessments have been completed is unclear.

10.2 Partners have pioneered a repairs outreach scheme, to contact elderly residents and those not reporting a repair for over 12 months. A training session and focus group with Disability in Islington was held in November to try and improve communication with residents and the outcomes were reported to the residents' forum. Articles concerning services for disabled residents have been placed in Partners' newsletter to residents.

11. Best Value Review of PFI 1 Contract

11.1 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 depicts the latest progress.

Summary of Progress on PFI Best Value Review Action Plan

| Status | Progress |
|---|----------|
| Number of actions complete with evidence | 26 |
| Complete subject to evidence being provided | 4 |
| Actions not due | 7 |
| Actions cancelled | 1 |
| Total number of actions | 38 |

11.2 Key Improvements

- Partners' website has been upgraded and information available for leaseholders has thereby been enhanced.
- Partners have secured improvements in the delivery of aids and adaptations to disabled tenants.
- Tenant sign off of completed repairs has improved from 44% to 82%.
- The number of repair no-accesses has reduced from 10% to 8.25%, just short of the target of 8%.
- The implementation of Partners' repairs action plan has led to an increased satisfaction with the repairs service from 47% to 67% since 2008.
- A pilot outreach scheme for elderly tenants who had not reported a repair for over 12 months led to 28% of them requesting a home safety inspection when they were written to about the scheme.
- Through more robust interventions and by the use of new recording equipment, satisfaction with the antisocial behaviour service has improved from 36% to 57% since August 2008. A mobile CCTV camera has been used to identify problem areas and collect evidence. Regular reviews of cases by managers and learning from closed cases have also contributed to improved satisfaction.

12. Benchmarking and Market Testing

12.1 The PFI1 contract, before the end of its seventh year, 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.

12.2 Partners have appointed consultants to benchmark the quality and cost effectiveness of these services and they have produced a draft report. HFI has sought further information on a number of issues before the final report is completed.

13. Conclusion

Performance indicators show that Partners continue to provide a good housing management and repair service.

The refurbishment of homes in PFI1 has been successfully completed and the refurbishment programme for PFI 2 is ahead of plan. Satisfaction with improvement works remains high.

HFI is awaiting a decision from LBI about the funding of structural works to properties in PFI2 where the council holds the liability for their repair.

The implementation of the PFI 1 Best Value Review has been progressing well and has led to some significant improvements in service delivery. Partners must reduce the escalation rate of complaints which HFI continues to monitor.

Background papers:
Partners for Improvement in Islington contract documents.

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Appendix 1

Partners' Complaints Process

1. How do we monitor complaints?

Complaints are logged when they are received with a deadline for response. The Quality Team sends managers a weekly summary of outstanding complaints.

The Head of each service is responsible for monitoring and reviewing complaints received about their own service area.

The Performance Review Group, a group of senior managers from each service area, meets every month. Complaints are discussed at every meeting. Monitoring includes:

- Numbers of complaints received
- Issues raised in complaints / causes of complaints
- Learning from complaints

Core Group (Director level) meetings also receive reports on complaints.

2. What kinds of complaints do we get?

Below is a summary of issues raised in complaints since April 2009.

| Issue raised in complaint | PFI1 | PFI2 | Total |
|---|-------------|-------------|--------------|
| Other poor quality communication | 5 | 25 | 30 |
| Dissatisfied with previous response to correspondence/complaint | 8 | 10 | 18 |
| Failure to keep a specific commitment to do something | 5 | 9 | 14 |
| Unprofessional behaviour | 2 | 4 | 6 |
| Failure to keep a general service commitment to do something | 3 | 3 | 6 |
| Failure to return a call or respond to message/email/letter | 2 | 2 | 4 |
| Length of time job taking/took | 4 | 0 | 4 |
| Failure to keep an appointment | 0 | 3 | 3 |
| Asking for compensation | 0 | 3 | 3 |
| Rudeness/impoliteness or inappropriate communication with customers | 1 | 2 | 3 |
| Failure to communicate information to customer | 3 | 0 | 3 |
| Scaffold | 0 | 2 | 2 |
| Charges too high | 1 | 1 | 2 |
| Length of time before job started/yet to start | 1 | 1 | 2 |
| Failure to give advance notice of something | 0 | 1 | 1 |
| No one taking responsibility for something | 0 | 1 | 1 |
| Failure to bring appropriate materials or tools for job | 0 | 1 | 1 |
| Unfinished work | 0 | 1 | 1 |
| Damage to possessions (except flooring) | 1 | 0 | 1 |
| Issues with decanting | 1 | 0 | 1 |

3. How fast do we deal with complaints?

Our service standard is to respond to complaints within ten working days at Stage One and Stage Two. We occasionally send a holding response when the investigation of the complaint takes longer than ten working days.

Of the complaints received between April and December 2009 we replied to 98% within ten working days.

On PFI1 we responded late to 1 of 34 complaints.
On PFI2 we responded late to 1 of 74 complaints.

4. What feedback do we get about our complaints process? Do we provide closure?

We carry out regular customer surveys and ask for feedback about our complaints process. Last year residents told us it was not easy to access our complaints system. We have taken action to address this including through internal meetings, staff newsletters and an on-line complaints form.

The Council has also recently introduced a complaints survey which will give us further feedback on the way we deal with complaints.

We aim to provide closure for complainants through our response to complaints:

- Complaint responses should address every issue raised in the complaint.
- Complaint investigators are encouraged to make telephone contact with complainants.
- Responses to complaints also include the invitation to discuss the complaint with the person responding.
- Our procedure includes for each complaint the investigator considering and recording any learning from the complaint.

5. Where we are with CRM?

LB Islington and Partners have agreed in principle that Partners will use CRM. Partners and Homes For Islington are discussing the implementation of the system. We anticipate the implementation period will be approximately three months.