

| Report of | | Team | Job Title |
|-----------------------------|--------------|------------------------|--------------------------------|
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| To | | | Status |
| London Borough of Islington | October 2009 | | Information |

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

1. Synopsis

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

2. General Performance – HFI Performance Basket

In the performance basket, Partners PFI 1 scored 9.00 for August, which is rated by HFI as excellent and 7.14 points for the year to date which is rated as good. For PFI 2, Partners scored 8.15 for August, which is good and 5.72 for the year to date, which is rated by HFI as satisfactory. The overall scores were affected by lower performance on void turnaround, complaints and member enquiries not responded to within 10 working days earlier in the year; this performance has now improved.

2.1 General Performance – All performance Indicators and deductions

- Partners continue to meet their contractual KPI's (Key Performance Indicators) except for the annual KPI for paying compensation within timescale.
- The average relet time for empty properties for the year to date is 16 days in PFI 1 and 20 days in PFI2.
- In PFI 1 since April 2009 there have been deductions of £480.78 as a result of failure to respond to a members' enquiry within the target period of 10 working days and £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 £504.48 for complaints not responded to within 10 working days and for £2,750 as a result of exceeding the refurbishment period for a property. This relates to one property out of 205 completed in the first quarter.

3. Complaints

There is cause for concern over the escalation rate of complaints from stage 1 to stage 2 across both contracts. This was highlighted in the Best Value Review report for PFI 1. The escalation rate for PFI 1 was 29% and 15% for PFI 2 in the period October 2008 to March 2009. Partners agreed to reduce the escalation rate by 5 percentage points by the end of September 2009. Partners have met this target on both contracts. The escalation rates are now 24% for PFI 1 and 10% for PFI2.

Having met the target we are now seeking to agree a further 6 month target with Partners to ensure that the escalation rate is reduced further.

The majority of complaints continue to be responded to in 10 working days.

4. Refurbishment Works

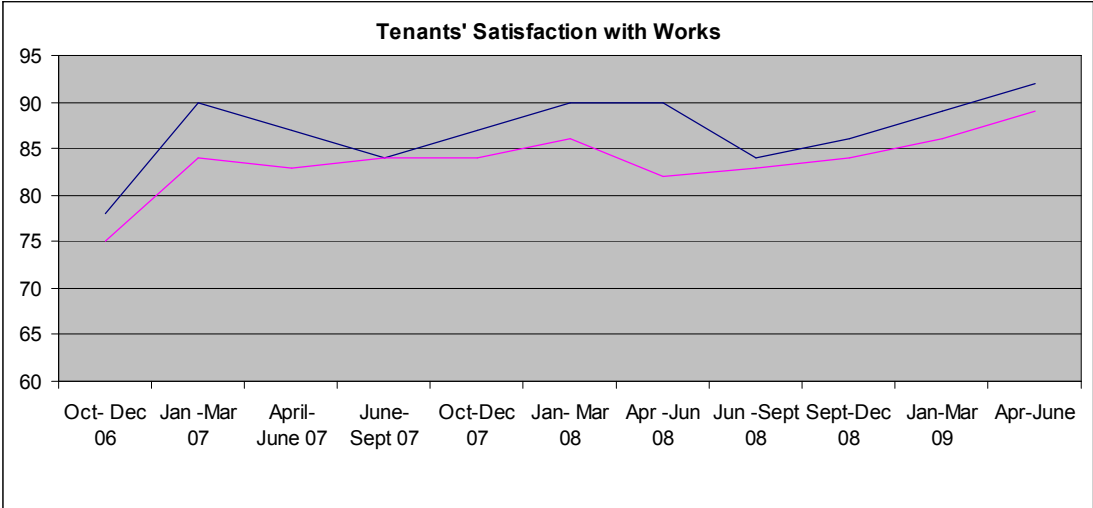
The programme for PFI 1 is complete. Of all the units in the PFI 1 contract 96% are now classified as meeting the Decent Homes standard. There remain approximately 70 homes that could not be refurbished due to the age and vulnerability of the residents. These will be refurbished when they arise as voids over the coming years.

Progress in PFI 2 is ahead of the contractual milestones. Partners are currently 9 months ahead of the programme. At the end of August 2009 they have completed the full works to 1,573 tenanted units and 577 leasehold units. This will leave the Works contractor time to focus on the difficult structural cases towards the end of the programme.

The HFI quality checks on Partners' refurbishment works continue with 48 completed out of a planned minimum of 72 this year. Tenants scored an average of 6.58 out of 10 in response to a range of questions relating to the Work experience and customer care. HFI scored an average of 6.75 out of 10 for HFI inspectors' scores relating to the quality of work in progress and health and safety. The main issue discovered was Partners failure to install loft insulation. Partners have committed to return to all properties to rectify this.

Partners' survey of tenants for the 206 PFI2 properties completed during April to September 2009 shows a satisfaction rate of 92% with the refurbishment work and 89% with the service of the contractor. The graph below shows the trend from October 2006 to April to date. Satisfaction is consistently high and improving.

Table 1. % of Tenants' satisfied with the Refurbishment Works in PFI2.



At HFI's request, Partners have started regular surveys to measure leaseholders' satisfaction with the works and for the first quarter of 2009 found that 78% of leaseholders were satisfied with the works to their homes and 92% were satisfied with the service provided. This survey was designed to also enhance leaseholder involvement in the sign-off process at the end of the works. This was a recommendation implemented from the Best Value Review.

5. Deconversion and Overcrowding Works

The Council has funding from the Government to ease overcrowding by providing larger family sized accommodation. This can be achieved by bringing into use previously unused rooms and by deconverting smaller flats into larger flats or a whole house. Some of the most suitable properties are the street dwellings that comprise the PFI 1 and 2 contracts. Partners and HFI are working together to deliver this programme on behalf of the council. So far 3 schemes have completed creating a total 3 additional bedrooms and one large 6 bed unit from two smaller flats. There are 3 schemes due on site before December. The first to create a 3 bed upper parts self containment of a whole house which was previously a long term void, a deconversion of 3 self contained flats into a 4 bed house and a deconversion of a further 2 flats into a 5 bed house. There are two other schemes where feasibility studies are in progress.

6. Outturn for Annual Service Plan 2008/9

The Annual Service Plan for 2008/9 is complete except for the Customer Service Excellence accreditation; this is now taking place in November 2009. Notable improvements this year have been Partners' new website. In the period from October 2008 to September 2009 there had been a slight increase in hits from 1640 per month to 1756 per month. However, in the months in between there are some large fluctuations which may indicate a general trend upwards. More data needs to be collected over a longer period to establish a more accurate picture. Partners have

also established a new Partners Involvement Register which has so far involved residents in two consultation exercises.

7. Leaseholder’s extended payment options

On the 21st May 2009 LBI agreed to extend the payment options available to leaseholders. Most significantly this included extending the interest free period from two to three years for bills under £10,000. In July 2009 HFI agreed contract variations with Partners to enable this to be offered to PFI leaseholders.

8. Equalities and Diversity

Partners have an equalities plan for 2009-2010 which aims to improve access to services and improve customer service. They have completed 4 of the 6 items to be completed by the end of September. Items remaining to be completed include putting translated leaflets on the web site and installation of an audio 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.

Partners have pioneered a repairs outreach scheme, to contact elderly residents and those not reporting a repair for over 1 year. Details are referred to under the action from the Best Value Report. A training session with Disability in Islington is planned for November to try and improve communication with residents. Articles concerning services for disabled residents have been placed in Partners’ newsletter to residents.

9. Best Value Review of PFI 1 Contract

The review focused on finding ways to raise customer satisfaction and delivering customer priorities by examining the customer experience. HFI and the council have been monitoring Partners since February 2009 to implement the recommendations of the Best Value Review. This has been achieved through no additional costs to the contract.

Table 2. Summary of Progress on PFI Best Value Review Action Plan

| Status | Progress |
|---|----------|
| Number of actions complete with evidence | 17 |
| Complete subject to evidence being provided | 11 |
| Actions not due | 9 |
| Actions cancelled | 1 |
| Total number of actions | 38 |

9.1 Key Improvements

- Significant improvements have been made to Partners' website, particularly in the information provided to leaseholders.
- The Occupational Therapy Service has commented that the adaptation service delivered by Partners has improved since they implemented their action plan.
- The evidence of jobs completed and signed off by tenants has improved from 44% to 82% over the last 6 months.
- The number of repair no accesses has reduced from 10% to 8.25%. Though short of the target of 8% the downward trend is encouraging.
- Satisfaction with the repairs service has improved since the last survey conducted by HFI in 2008. Partners have exceeded the two satisfaction targets. They have improved customer satisfaction with a specific repair from 54% to 73% and generally with the repair service from 47% to 67%. This has been achieved by implementing their action plan.
- Rydon, the repairs contractor, have conducted a feasibility study into a Repairs Outreach Scheme for elderly residents who had not reported a repair in the last 12 months. They found that 28% reported a repair following telephone or letter contact or took up the offer of a property inspection to check the safety of their dwelling.
- Satisfaction with the antisocial behaviour service has improved from 36% to 57% since August 2008. This has been achieved through taking clear and effective action. Partners purchased 2 noise recorders and a Dictaphone to help residents' record anti-social behaviour. Partners have also purchased a mobile CCTV camera to identify problem areas and collect evidence. In addition there are regular reviews of cases by managers and learning from closed cases.

10. Subsidence and Leasehold Insurance

In the PFI2 contract, Partners are responsible for defects in properties which were identified in a stock condition survey conducted before the contract start date. A number of properties have been identified by Partners with major structural / subsidence problems that were not found in the survey. As a result Partners are seeking defrayment of these costs from the council. HFI is establishing the total additional costs so the council can consider funding solutions. HFI is also seeking professional opinion from a structural engineer in order to find cost effective building solutions.

In addition, there is a risk that for a number of leasehold properties, leaseholders' building insurance may not cover the full cost of reinstatement. HFI is quantifying

these costs and examining the insurer's decisions in order to challenge their decisions.

11. Benchmarking and Market Testing

The PFI1 contract states that before the end of 7 years operation the PFI contractor should carry out a benchmarking exercise to test the quality and competitiveness of the tenancy and leasehold management services and the ordering of repairs. The principle is to examine standards and prices of equivalent services and the costs of providing them. The benchmarking is intended to show whether the current price of the contract should be adjusted and could lead to market testing of the services.

Partners have appointed consultants to carry out the benchmark and they are on track to meet the contractual timetable to report on their findings by November 2009.

12. Conclusion

Partners continue to provide a good housing management and repair service. The Works programme has been successfully completed for PFI 1 and for PFI 2 is ahead of schedule and satisfaction is high. The implementation of the PFI 1 Best Value Review has been progressing well and there are signs of improvement particularly in resident's satisfaction with the way ASB cases are handled and in the satisfaction of tenants with the repairs service.

A key area of concern remains the complaint escalation rate across both contracts.

Background papers

Partners for Improvement in Islington contract documents.

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