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Name of meeting	Date of meeting	Agenda Item	Status
Quarterly PFI performance report to London Borough of Islington	May 2011		Information

Subject of Report: Performance of PFI1 and PFI2 Contractor - Partners for Improvement in Islington

1. Synopsis

This report provides the Committee with information about the performance of Partners in delivering the PFI1 and PFI2 contracts for the refurbishment, maintenance and housing management services to 6,433 Council owned dwellings across the borough.

2. Recommendation

2.1 That LBI notes the information provided in this report.

3. General Performance – HFI Performance Basket

3.1 In the PFI1 March 2011 performance basket, Partners scored 6.12 for their overall service rating and 8.30 on a year to date basis from 1 April 2010. Scores between seven and nine attract a good rating and those between five and seven are rated satisfactory.

3.2 In the March 2011 PFI2 performance basket, Partners achieved 8.36 for their overall service and 8.64 for the year to date.

3.3 The PFI 1 March score for efficiency and customer care was lower than recent quarters at 6.67 and 5.57 respectively. This is due to a lower percentage of tenants visited in 4 weeks in the customer care category and an increase in number of days in March to reservice voids in the efficiency category. Although this was due to performance on 1 visit and 1 void only, their year to date scores for

these categories remain high at 8.36 and 8.25 which are good ratings.

4. General Performance – All performance Indicators and Deductions

- 4.1 Partners' performance is good and they continue to meet the Key Performance Indicators. This includes PIs for carrying out repairs on time and repairs satisfaction, re-letting empty properties, collecting rent and complying with tenancy changes.
- 4.2. There have been no performance deductions since the last report in February 2011 and we will report on the year end position in August 2011.
- 4.3. Partners will report on the achievements in the year in the next report however, notably for repairs they have introduced a quarterly repairs surgery, the team were successfully audited by BSI against ISO9001 (Quality) and ISO18001 (H & S) Standards and were awarded "Performance beyond Compliance" by the Considerate Constructors Scheme against their "Code of Considerate Practice".

5. Rent Arrears

Partner's performance in rent collection continues to exceed the contractual performance indicators. Overall the rent collection rate for 2010-11 was 100.2%, compared to a contractual target of 97%. However the last report highlighted the gap between Partners and HFI in relation to several rent arrears collection indicators. Rent arrears as a proportion of rent roll shows a noticeable gap. Figures for this indicator for March showed a difference between HFI's performance (2.9%) and Partners (2.4%). HFI is encouraging Partners to reduce their arrears to match HFI's and are awaiting their proposals.

6. Refurbishment Works

- 6.1 The refurbishment programme for PF11 has finished.
- 6.2 Partners refurbishment of PF12 properties exceeds the contractual milestone. At the end of March 2011 internal improvement works to 2,693 tenanted homes had been completed and 950 leasehold dwellings had reached the full availability standard. Partners aim to complete the works by the end of 2011. During 2011, Partners will be refurbishing a pool of properties which have subsidence or structural problems.

- 6.3 Quality checks of refurbished properties continue to be carried out by Martin Church, Technical Contract Manager with HFI. 72 checks were complete during 2010/11.
- 6.4 The table below shows the average scores for the year.

Quality checks of refurbished properties 2010/11	
Residents' Scores	
Keeping the resident's our home clean and tidy	6.51
Keeping appointments	6.53
Progressing the work properly	5.97
Not caused any leaks or water penetration	7.10
Looking after the resident in terms of customer care and communication	6.69
Average Scores	6.56
HFI Inspector Scores	
Quality of works in progress	7.25
Quality of finished works	6.85
Compliance with Health and Safety Arrangements	7.21
Average Scores	7.10

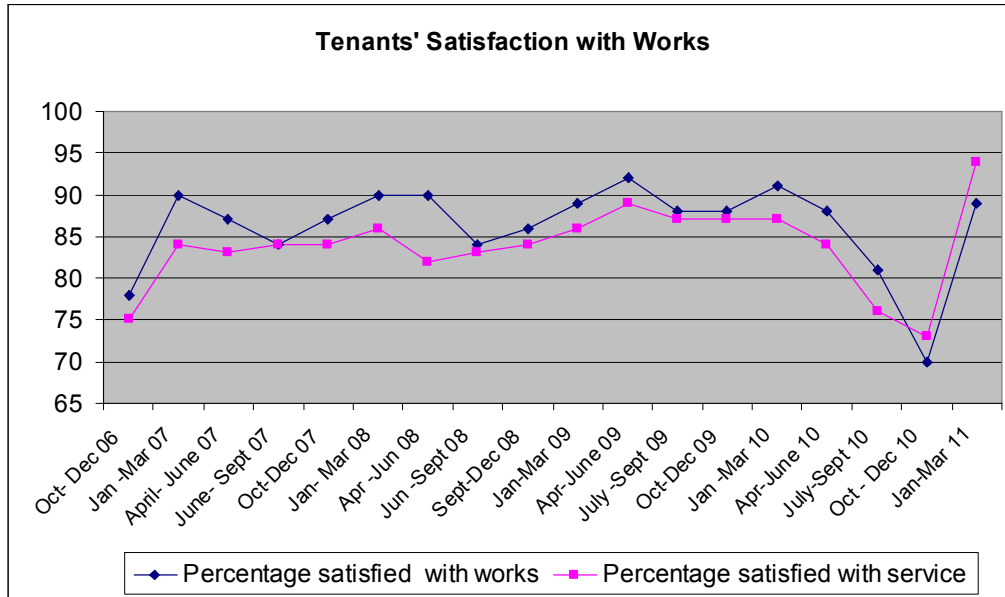
HFI monitor issues found during the quality checks until we receive confirmation from Partners and are satisfied that they have been resolved. In some cases this means that HFI contacts the resident involved or carries out further site visits.

The average residents score has improved by 7% on 2009/10 and the HFI inspector scores have improved by 2%.

HFI plan to carry out a further 48 quality checks in 2011 to 2012 and are seeking further improvements from Partners.

- 6.5 Figures up to the end of December 2010 show a continuing decline in tenants' satisfaction with works to their homes. The graph below shows that satisfaction has fallen to 72% with works and 70% with the service received. The contractual targets are 72%.
- 6.6 In the quarter ending March 2011 we are pleased that figures have bounced back with significantly higher levels of satisfaction. Satisfaction with the Works has risen to 89% and with the service 94%. HFI is mindful though that this is a small sample and therefore we anticipate that the figures will remain volatile until the end of the refurbishment programme.
- 6.7 Partners are of the view that some of the earlier reduced satisfaction stems from the extreme weather early in the winter, somewhat wider geographical spread of properties and therefore unintended

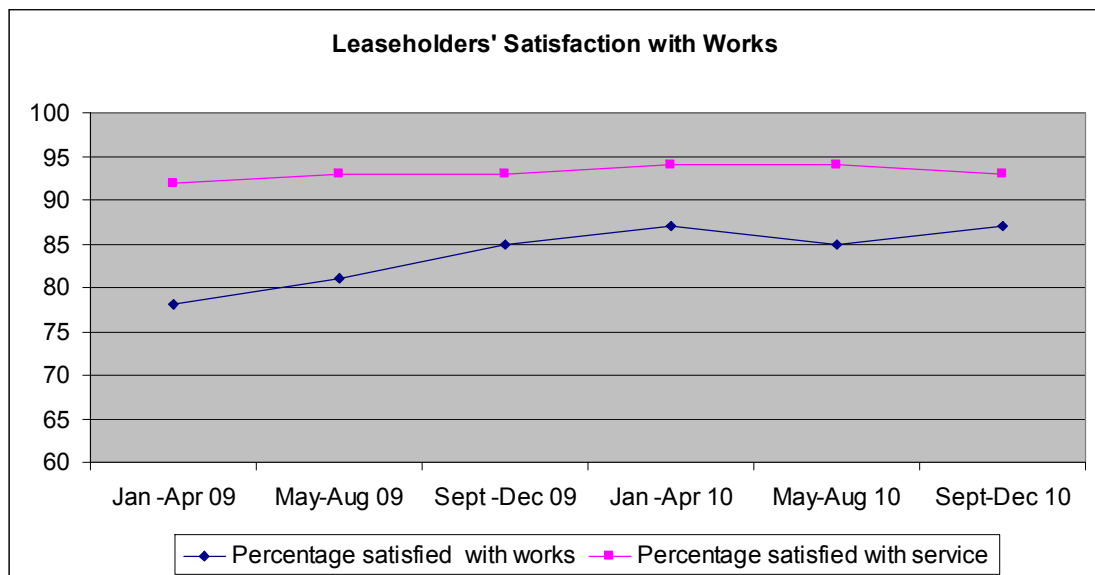
reduction of contact time with residents, more challenging communication issues with tenants because a significant number of the properties have structural problems and managing expectations and communication of a higher number of decanted tenants.



Partners have proposed and are introducing a number of initiatives that we hope that will sustain the upturn in satisfaction:

1. Amending work programmes to tighter geographical areas.
2. Communicating the sequencing of work to tenants more clearly where there is complex structural work
3. Following a meeting with the council's complaints team, they will identify more practical remedies for complaints to try to resolve them more effectively and rapidly.
4. The resident liaison officers (RLO's) will have more contact with decanted tenants to ensure communication is maintained.
5. The RLO's will arrange a pre-return visit for the decanted tenants to iron out any issues.
6. Further complaints training provided by the Ombudsman
7. Additional "on site" resolution of complaints and assistance from experienced officers with letter writing to be more open and apologetic if appropriate.

6.8 The latest leaseholder figures available cover the period from September until the end of December 2010. They show continued variability but overall that 87% of leaseholders were satisfied with works to their homes and 93% were satisfied with Partners' service.



Throughout the Works programme HFI have been working closely with Partners to ensure that as many properties are refurbished as possible by achieving high access rates in both tenanted and leasehold properties.

Those residents that are elderly or vulnerable according to the criteria agreed in the contract or that choose to do so may waive some or all of the Works in their property. Currently of the 4,100 residents in the PFI 2 contract, 58 cases have been agreed under the elderly and vulnerable criteria with a further 18 pending. A further 26 are currently being assessed. Whilst these properties will not have the full refurbishment done minimum health and safety works are carried out including electrical and gas checks.

7. Loft Insulation

- 7.1 Partners agreed to re-inspect and where necessary rectify the loft insulation to 1077 properties refurbished since the start of the PFI2 contract, after it was discovered that Partners had not installed loft insulation properly in some properties. Partners have nearly completed this process recently gaining access to a further 21 properties at the weekends leaving 160 remaining. HFI is continuing to monitor completion of this process closely.
- 7.2 Unlike PFI2, there is no contractual obligation in PFI1 for Partners to insulate lofts. HFI has sought funding for this from the council. The council's energy services team has now put detailed proposals to their senior management with a view for the case to be put to members. The proposals included top-up loft insulation of an estimated 753 properties which are in PFI1.

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.
- 8.2 Since this scheme commenced in summer 2008 eleven schemes have completed creating a total of 20 bedrooms and 29 bed spaces, including two schemes that have created 5 bedrooms and 8 bed spaces completed since the last report in Feb2011. There are currently four schemes on site that will create a total of 12 bedrooms and 13 bed spaces, four are currently being commissioned that will create a total of 6 bedrooms and 8 bed spaces and one at feasibility stage. One property is on hold during structural investigations.
- 8.3 The schemes are progressing well and HFI meets regularly with Partners to monitor progress.

9. Leasehold Issues

9.1 Leasehold Charges Audit

- 9.2 In 2010 LBI undertook an internal audit reviewing leaseholder charges for works carried out by Partners under the PFI1 and PFI2 contracts. This was following a number of complaints from leaseholders and allegations of fraud.
- 9.3 The audit did not identify any cases of fraud. However the work identified a number of control weaknesses.
- 9.4 The Leasehold Charges Audit went to the audit committee on 22 March and the actions (that were reported in detail in the previous report) that have been put in place were accepted. A refund of 1.655% of the value of the works is being sent to all leaseholders by June – which represents the 2.5% discount that Partners received from their works subcontractors for settling bills early less a financing cost of 0.845%. Partners also report that they are still on track to reduce their backlog of leasehold challenges by September 2011.

10. Complaints

- 10.1 Partners escalation rate from stage 1 to stage 2 complaints has fallen to 9% in March 2011 on PFI 1, down from 15% in 2010. The PFI 2 escalation rate has increased from 10% in March 2010

to 14% in 2011 due to a surge of nine stage 2 complaints in Feb 2011. There have been 10 ombudsman complaints in the year of which Partners have received 7 since September 2010 when the council removed a stage from the complaints process. HFI including operations and property services received a total of 22. Partners have received a disproportionate number that warrants some further investigation.

- 10.2 The majority of the PFI 2 stage 2 complaints were due to the Works programme and these have been addressed under the section on refurbishment in this report.
- 10.3 Partners have been asked to provide learning from the complaints that have been upheld or partially upheld against them this year.
- 10.4 Partners introduced a “service alert” in September 2010 following the council’s removal of the stage 2 complaint process. Residents can raise concerns about a service issue with a shorter response time of 10 working days; although they can also make a formal complaint if they wish.
- 10.5 Partners received 85 service alerts and 145 complaints at stage 1 since September, a total of 230 residents who have raised concerns about services. Between April and the end of August before service alerts were introduced, they received 93 stage 1 complaints .This will be investigated further as it might be expected that the number of complaints at stage 1 would fall. However, it may reflect greater ease of raising service concerns and Partners report they have actively been seeking to increase levels of feedback so they can continue to improve services..

11. Anti-Social Behaviour

HFI continues to see this issue as a high priority for improvement following our audit last April. The satisfaction rate at end of April 2011 was 41.6% when Partners’ action plan expected this to rise to 55%. Currently the PFI team is auditing all 2010/11 ASB cases which have been subject to complaints or members enquiries or have returned satisfaction surveys indicating dissatisfaction with the service. The team are also going to look at a random sample of cases which have not been subject to complaints. The aim of the audit is to check the KPI is being met and to determine if improvements to the service are being implemented.

12 PFI 1 Benchmarking/Market Testing

Adjudication on this matter was in Partners’ favour and this matter is now concluded. The next benchmarking for PFI 1 is due in 2015.

13. Conclusion

- The Key Performance Indicators show that Partners continue to provide a good housing management and repair service.
- The refurbishment programme for PFI 2 remains ahead of schedule but the satisfaction levels have shown a downward trend so Partners have scope for improvement; however they remain at the target required contractually.
- There is scope for improvement in the handling of anti-social behaviour cases and it is disappointing the target for the end of the year has not been met.
- There is scope to reduce the level of rent arrears.
- HFI is continuing to check Partners' leaseholder charging processes following recommendations made by internal audit.

Background papers

Partners for Improvement in Islington contract documents.

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