



Report of the Corporate Overview & Scrutiny Committee
In-depth review into Waverley's Responsive Repairs Service
Date: March 2015

Contents

1. Chairman's Foreword
 2. Introduction
 - 3 Background: What is the service?
 - 4 Findings and recommendations of the panel
 - 5 Conclusion & next steps
- Annexe 1 – Action Plan for Improvement

1. Chairman's Foreword

The purpose of this scrutiny review was to investigate the reasons for the significant budget variances that arose in relation to Waverley's Property Services operation at the end of 2013/14, which primarily related to the Responsive Repairs service delivered under contract by Mears. Since the contract commenced in 2012, Members have also been concerned at the number of complaints about the Responsive Repairs service and have lacked confidence in high levels of customer satisfaction reported by the contractor. The Scrutiny Review also, therefore, explored the way in which information about customer satisfaction with the service is collected and reported.

The scrutiny was carried out by the Corporate O&S Committee Housing Improvement Sub-Committee – myself (Chairman), Cllrs Patricia Ellis, Michael Goodridge, Tony Gordon-Smith, Wyatt Ramsdale and Chris Storey and Tenants' Panel representatives Brenda Greenslade (Vice-Chair), Adrian Waller, Alan Binfield and Christine North.

The Sub-Committee received written and oral evidence from Waverley's Director of Operations, Head of Housing Operations, and Head of Property Services to provide background information about the contract with Mears and the challenges for Waverley in delivering Property Services. On 10 November 2014 and 12 January 2015, the Sub-Committee received oral evidence from Mears representatives: Gary McFarlane, Regional Director and Gerry Rankin, Partnering Manager; Lucas Critchley, Managing Director also attended on 12 January 2015.

After hearing the evidence, the Sub-Committee agreed a number of recommendations with Housing officers and Mears representatives, which are supported by the actions set out in the Action Plan appended to this report.

The Scrutiny Review took place between September 2014 and February 2015. The Housing Improvement Sub-Committee will monitor the progress of the action plan as part of its work programme for 2015/16.

I would like to thank the above named Members of the Housing Improvement Sub-Committee, Waverley Officers, and Mears representatives for their contributions to the Review and commitment to implementing the action plan and delivering improvements in the services provided to Waverley's tenants.



Cllr Pat Frost, Chairman, Corporate Overview & Scrutiny Committee

2. Introduction

- 2.1 In the first quarter 2012, following a lengthy procurement process, Waverley entered into new contracts with the Mears Group (Mears) to provide a range of property services across the Council's housing stock of almost 5,000 homes, including Responsive Repairs, Aids & Adaptations, the Out of Hours service, Roofing, and Voids.
- 2.2 Initially, there was a significant increase in the number of customer complaints from tenants about the poor performance of the Responsive Repairs service. This has been reported to the Corporate O&S Committee as part of the regular quarterly reporting of customer feedback on the Housing Service. Whilst the number of complaints relating to Responsive Repairs has fallen, and monitoring of customer satisfaction has been consistently high (>96%) as measured and reported by Mears, there has continued to be some concerns about the robustness of the customer satisfaction data being reported, and a lack of confidence in the collection process.
- 2.3 In June 2014, the Executive was concerned to see that large adverse budget variances within the Housing Revenue Account had arisen in March 2014, although the HRA budget as a whole remained in balance. Approximately £300,000 of the overspend related to spend on responsive repairs and voids, and both these areas had seen a significant increase in the number of jobs ordered in 2013/14 compared to the previous years; however, late invoicing by the contractor had prevented reporting the variances earlier in the year. In addition, a provision of £424,000 was made for contract contingencies, including amounts claimed by the contractor under variable fees.
- 2.4 The Council's responsive repairs activities are, by their nature, more difficult to predict than the planned maintenance and therefore more likely to experience fluctuations in expenditure year on year. However, given the scale of spending and the importance to Council tenants, these activities should be closely monitored, drivers of demand understood, and emerging trends picked up so that future patterns of spending can be better anticipated and managed.
- 2.5 At its meeting on 24 June 2014, the Corporate Overview & Scrutiny Committee decided that it would be appropriate to exercise its powers of scrutiny of Waverley's Housing Service to carry out an in-depth review of Responsive Repairs service, with a focus on both tenant satisfaction with the service and Waverley's satisfaction with the 'back-end' service received from the contractor.

Exploring the Scope of the In-depth review

- 2.6 The scoping report for the review was agreed by the Corporate O&S Committee at its meeting on 23 September 2014. It was agreed that the review of Responsive Repairs should examine the following questions:

- What are the Council's formal responsibilities for responsive repairs and what responsibilities rest with the tenant?
- What drives demand for Responsive Repairs and how is this likely to change over time?
- What is the right level of budget for this activity?
- How does the Council control spending on responsive repairs and how does it demonstrate value for money?
- How well are contractors being managed and how well are they performing?
- What is the quality of the works undertaken and how quickly are requests responded to?
- What opportunities exist to further improve the service?
- What is the nature and level of tenants' complaints in respect of this service?

2.7 The Housing Improvement Sub-Committee was asked to undertake the review, which ensured the involvement of the Tenants' Panel.

Methodology

2.8 The Housing Improvement Sub-Committee received a written report on the structure of Waverley's contract with Mears, how the responsive repairs service operates in practice, and the main issues and challenges from officers' perspective. On 10 November 2014 and 12 January 2015, representatives of Mears attended the Sub-Committee's meetings and answered questions about the services they provided to Waverley and tenants.

2.9 The in-depth review commenced in September 2014 and concluded in February 2015. The draft action plan was considered by the Corporate Overview & Scrutiny Committee on 20 January 2015 to ensure that, as commissioners of the review, the Committee was satisfied that the agreed scope of the review had been adequately addressed.

2.10 The findings of the Sub-Committee and the recommendations seek to build on the programme of improvements already in progress Housing Officers and Mears, and the action plan will enable the Sub-Committee to monitor the progress of agreed service improvements.

3. Background: What is the service?

- 3.1 In common with all Housing Stockholding authorities and Housing service providers, the Council needs to respond to repairs that emerge during the year as well as delivering an established long-term programme of cyclical repairs and maintenance.

Formal Responsibilities

- 3.2 Waverley Council provides a responsive repair service to its 5,000 tenants and leaseholders, and is guided in this by an array of legislation governing the relationship between landlord and tenant. The main legislative guidance on repairs is set out in the Landlord and Tenant Act 1985, at the heart of which is section 11, requiring the landlord to:

- a) to keep in repair the structure and exterior of the dwelling-house (including drains, gutters and external pipes);
- b) to keep in repair and proper working order the installations in the dwelling-house for the supply of water, gas and electricity and for sanitation (including basins, sinks, baths and sanitary conveniences, but not other fixtures, fittings and appliances for making use of the supply of water, gas or electricity); and
- c) to keep in repair and proper working order the installations in the dwelling-house for space heating and heating water.

- 3.3 In common with most social landlords, Waverley provides more detailed guidance on this broadly defined provision within its tenancy agreement, and commits itself to the following:

- a. *We will keep the structure and outside of your home in good repair. This means we will repair things such as windows and outside doors, roofs, drains, gutters and pipes outside the property.*
- b. *We will keep all the installations for supplying you with water, electricity, gas and sanitation facilities in good repair and working order, as long as we installed these. This includes sinks, toilets, basins and baths. This does not include other fixtures and fittings or your own appliances that use water, gas or electricity. It also does not include any gas, electric or water meters that serve your home, as these are the responsibility of the companies who supply these services to you.*
- c. *We will keep in good repair and working order any heating installations (including for heating the water) that we have installed in your home.*
- d. *We will keep all shared areas and items that are our responsibility in a good state of repair. This means we will repair things such as shared entrance doors, staircases and hallways.*
- e. *We will keep all shared services, such as lighting in corridors and door-entry systems, in good repair and working order.*
- f. *We will usually carry out more repairs than the legal minimum.*

- g. You must report to the Housing Repairs Service immediately any repairs that need carrying out to your property that we are responsible for.*
- h. We will make sure we remove our rubbish, building materials and equipment from your home within a reasonable time after carrying out repair work and will try to keep disruptions to a minimum.*
- i. We will carry out repairs within timescales set by law or within a reasonable time of becoming aware of them. If we do not, under Section 96 of the Housing Act 1985 (the Right to Repair), there are regulations stating that, depending on certain conditions, we will pay you compensation.*

3.4 In addition, within the Tenancy Agreement Waverley also sets out tenants' obligations in respect of repairs which includes their responsibility for decorating the inside of the property, replacing broken glass, and replacing door catches and door handles inside the property to name a few.

Client Management of Responsive Repairs by the Council

3.5 The client management of responsive repairs business sits within the Housing Property Services Team of the Council. A property service manager heads a team of 6 customer services staff (1 manager, 1 deputy manager and 4 officers), and 11 technical staff (1 manager, 6 surveyors and 5 inspectors). Amongst other duties in respect of planned works, this team is responsible for the processing, supervision and management of some 15,000 responsive repairs per year.

3.6 The responsive repairs service is focused on minor repairs only; that is, the failure of components which can be repaired or replaced within a short time frame at modest cost, and which involve minimum disruption to customers. More complex and/or expensive works also fall with the remit of Housing Property Services but are managed by a separate dedicated planned works team.

The role of Contractors in the delivery of the Service

3.7 All works are carried out by external contractors: Waverley does not employ a direct labour force of Waverley employees to undertake this work. A view of the volume of issued responsive repair orders is shown below (Fig. 1). Over 50,000 jobs were issued during the period April 2011 – September 2014.

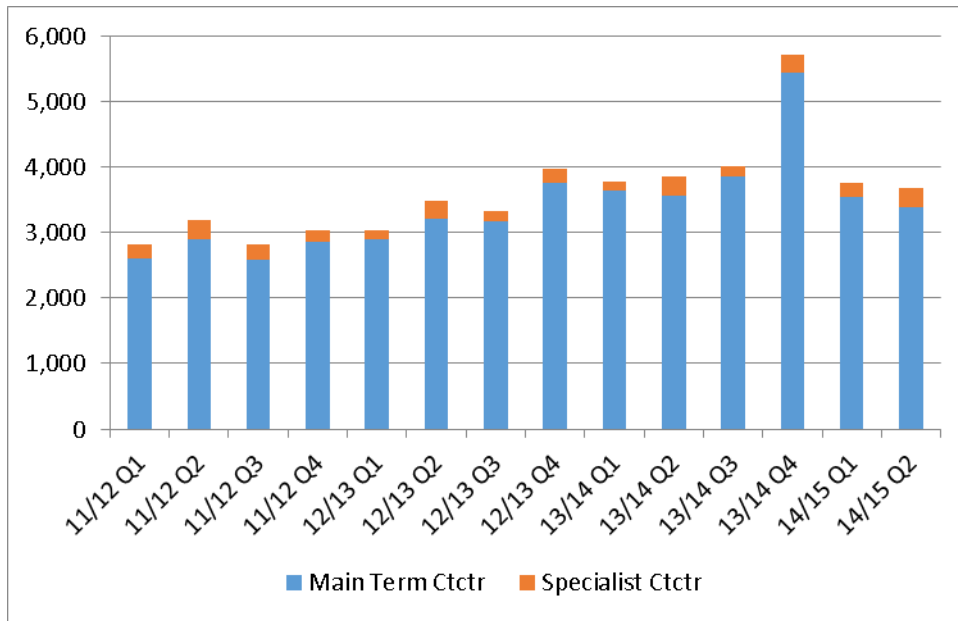


Figure 1

3.8 A breakdown of repairs by trade is shown in Figure 2, below:

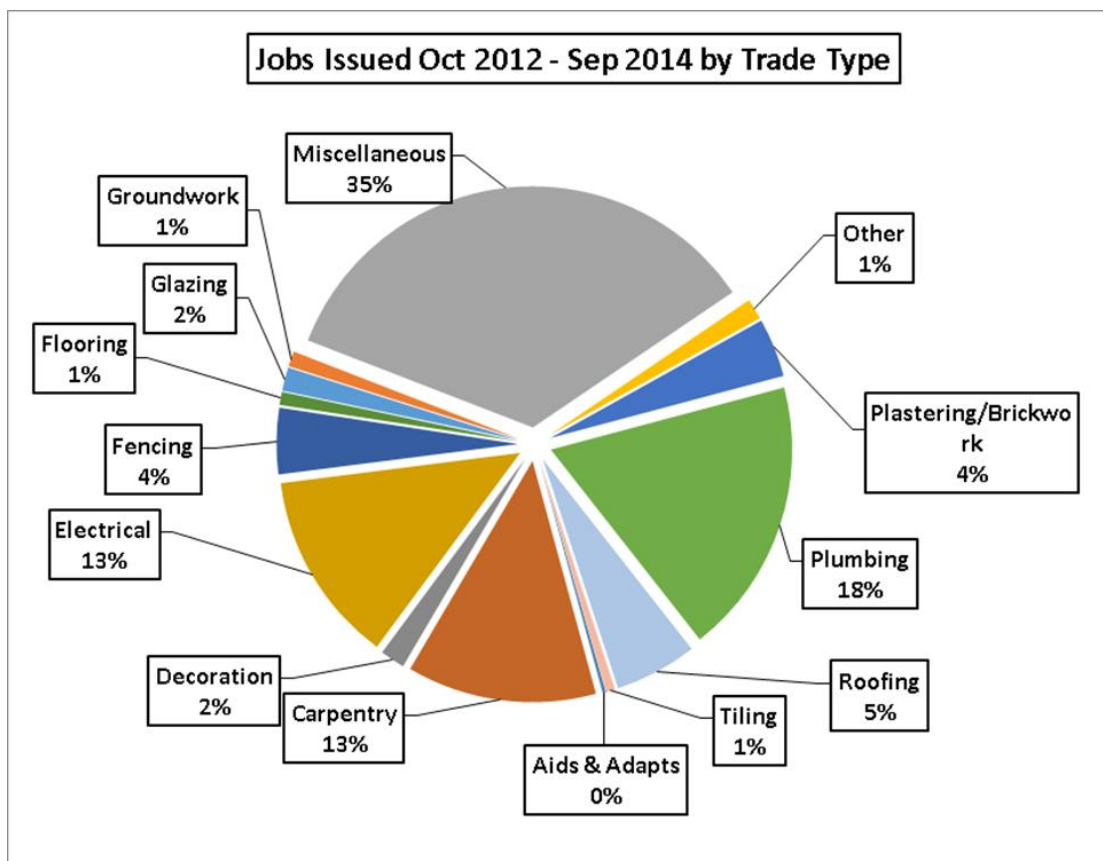


Figure 2

3.9 A large term contractor, Mears Group, is (and has been since February 2012) responsible for carrying out 94% by volume of responsive repairs. This service was procured using the Term Partnering Contract 2005 (Amended 2008), which is a standard form of contract for term partnering published by the Association of Consulting Architects; its use is now widespread throughout the social housing

industry. The attraction of using this form of contract in preference to more traditional forms is that it is designed to promote integrated team-working between the parties and measurable continuous improvement. Mutual co-operation is intended to be at the heart of the relationship. One consequence of this is that the contract form is somewhat less exhaustive (and considerably shorter) than more traditional forms. A set of preliminaries has been added to the contract form by Waverley and Mears, and this includes defined key performance indicators, some which are contract critical, and some of which determine whether and to what extent additional payment is made to the contractor.

- 3.10 The contract has been let for seven years from February 2012, with an option to extend for a further seven years, and covers both responsive repairs and void works.
- 3.11 The contract has been priced using the National Housing Federation’s schedule of rates (version 6.1). This contains 2,600 different priced items intended to cover the vast majority of repairs likely to be encountered in a responsive repair operation, and is applicable to labour and materials. Separate payments are made to cover central overheads and fixed profit, and local overheads. A variable profit component is payable subject to the contractor meeting basic performance targets as measured by specified Key Performance Indicators.
- 3.12 The remaining 6% of work by volume is carried out by a selection of non-Mears specialist contractors. Figure 3 provides an indication of the type of work carried out by these specialists; although this is a relatively small part of the business. Payment to specialist contractors is on a day work or quotation basis.

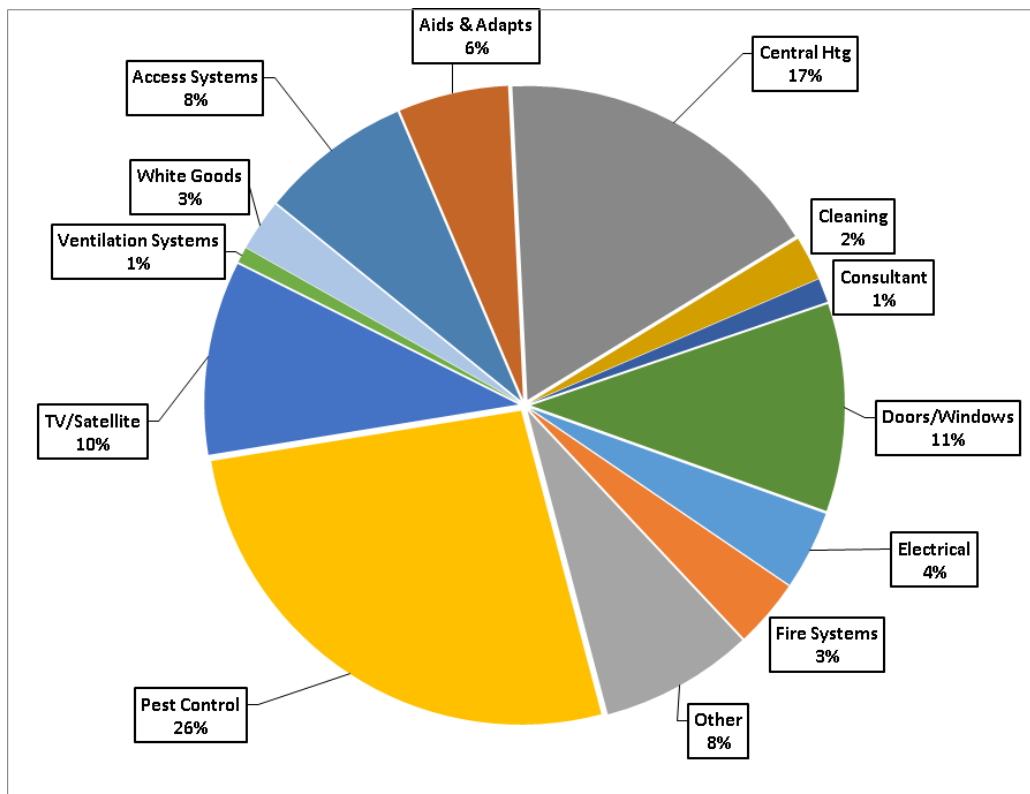


Figure 3

The Key Role of Information Technology

- 3.13 The Council's Housing responsive repairs service, like many other key Council services, is dependent on the use of effective and sophisticated IT systems. In fact, the interaction of four main separate systems is required for the core delivery of this service:
- a. Waverley's Housing service database (Orchard) enables the processing of repairs from inception to completion.
 - b. Waverley's Finance database (Agresso) enables the payment of invoices and the high level monitoring of expenditure against budget.
 - c. Mears's repairs database (MCM) enables the contractor to manage repairs instructed by WBC.
 - d. Mears's work scheduling software (Mears Appoint) enables repair appointments to be made with customers, and for operatives to be deployed in an efficient and cost-effective manner.
- 3.14 Information flow between these systems has been problematic in the past. However, an interface has recently been written (effective July 2014) to connect the Orchard and MCM systems; this allows both systems to hold and exchange data in more or less real time.
- 3.15 No interface is in operation between Orchard and Agresso. A closer connection between these two systems would allow Agresso transactions (used to produce Waverley's official financial monitoring statements) to be more easily reconciled with the position on Orchard (which holds the detailed data on progress and costs of each job).

How requests from tenants are processed

- 3.16 Initial repair requests are reported to Waverley's Customer Service Team (CST) - typically by phone, although it is also possible to make a request online or in person. Provided the repair request is not an emergency, Customer Service staff offer the customer an appointment for carrying out the works. This is done by accessing the Mears Appoint system and selecting a 2-hour slot at some future date convenient to the customer. If a diagnosis of the problem and the necessary repair cannot be made at this point then a pre-inspection is raised by Waverley's Customer Service Team to determine more accurately the nature of the work required prior to issuing a repair instruction. If no pre-inspection is necessary, a repair is raised on the Orchard system, using the Schedule of Rates code(s) which most closely resemble the remedy for the diagnosed problem. Although the service is appointment-based, there is nonetheless an overall target of 28 days for the completion of non-emergency repairs.
- 3.17 The Mears MCM system then receives the repair instruction more or less instantly via an interface connecting Orchard and MCM. Mears staff will then determine

whether the work will be carried out by a directly employed operative or one of their sub-contractors.

- 3.18 On arrival at the tenant's home, the Mears operative (or sub-contractor) has the flexibility to carry out work up to £100 above the diagnosed value of the job if necessary, and if the operative has the necessary skill to complete the task. If the repair cannot proceed because the wrong trade has been assigned on the repair instruction, Mears request that the original order be substituted with a new and accurate order. If work cannot proceed because the job items would take the cost above the £100 additional limit, Mears make a variation request within 24 hours adjusting the work content (and, if permitted, the time available to complete the work), which WBC must authorise within 2 working days. Where a further appointment is required, Mears will make this directly with the customer and the Mears Appoint system will be updated.
- 3.19 Once all the tasks included in any given repair instruction are completed, the completion date and time for the job is entered onto Mears' MCM system and relayed automatically to Waverley's Orchard system via the interface.
- 3.20 Emergency jobs are reported in the same way, but no appointment is made; instead an immediate instruction is issued on the Orchard system (and generally relayed verbally to the co-located Mears staff). Site attendance and action to make safe is required within 2 hours, with completion of work within 24 hours.
- 3.21 For emergency jobs occurring outside of normal hours, Waverley retains an out of hours call filtration service (provided by Southern Monitoring Services) which is responsible for diagnosis and instruction. Customers contact the service, and a decision is made as to whether the repair is an emergency and, if so, an instruction is passed to Mears to attend site (within 2 hours) and make safe. Waverley will issue confirmation orders for instructed jobs on the next working day. No additional payment is made for attendance at out of hours emergencies.

The Role of Waverley's Customer Services Team

- 3.22 Waverley's in-house Customer Services Team comprises a Customer Services Manager, Deputy Manager and four Customer Services Officers. The team is focused solely on repairs which gives them a higher diagnostic skill level than that found in the more generic customer service teams which are commonly used in this sector.
- 3.23 All staff are trained to City & Guilds level, and the average length of service of the team (at over 16 years) indicates a much higher level of experience than is typical. Guidance on repairing obligations is available from the definitions in the tenancy agreement, although this is not exhaustive and the successful operation of the service requires the regular exercise of judgement. Diagnostic software (such as the

Locator system) is not in use, and as would be expected, there is 'buddy system' training.

- 3.24 In essence, each team member has to diagnose the appropriate repair from discussion with the customer, and is responsible for converting the diagnosis into an accurate instruction of work (using the Schedule of Rates codes available) which is relayed to Mears via the interface.
- 3.25 Pre- and post-inspections are also raised by the Customer Service Team, who have access to Waverley Inspectors' diaries. Typical monthly issued volumes for both pre- and post-inspection are around 150. The implications of this are two-fold. This equates to an annual post-inspection rate of around 12% (1,800 inspections). This represents a relatively high level of intervention by Waverley in the repair process reflecting the wish for greater assurance about quality and costs, particularly at the early stage in the life of the contract.
- 3.26 The Customer Service team is also responsible for processing invoices. This is at present a semi-manual process, but greater automation is being introduced.
- 3.27 Waverley's Customer Service Team also has a key role in the processing of planned maintenance. Total annual volumes of jobs are around 30,000, of which half are for responsive repairs.
- 3.28 The volume of calls, repairs, inspections and invoices handled by Waverley's Customer Service Team is monitored regularly. In future, there is an opportunity to monitor call volumes that relate specifically to existing or recently completed jobs to further assess the quality of repairs completed by Mears and other contractors.

Budgets & Financial Control

- 3.29 During 2013/14, Waverley experienced significant in-year pressure on its responsive repairs and voids budget, although the HRA budget as a whole remained in balance. Responsive repairs and voids budget and out-turn, 2011/12 – 2013/14:

	2011/12	2012/13	2013/14
Budget	£2,179,110	£1,433,100	£1,680,980
Actual	£1,785,936	£1,524,184	£2,468,939
Variance	£393,174	-£91,084	-£787,959

- 3.30 From an examination of Waverley's Orchard system and from discussion with relevant staff two primary factors appear to have accounted for this pressure:
- a) A substantial accrual provision for responsive repairs in 2013/14: this totalled £593k, made up of around £300k identified as completed and valued but un-

invoiced, a provision of £200k for work completed but not valued (estimated from Mears MCM system), and a provision for the value of the variable fee to Mears for responsive repairs held in reserve for both 2012/13 and 2013/14.

- b) The effects of adverse weather during the winter period of 2013/14: October and December 2013, and January and February 2014 were months of above average rainfall, with storm conditions experienced in October, December and February. As a result of this a higher than normal number of repair requests were received from tenants. Analysis of the Orchard system shows that over the period of adverse weather at least 1,700 additional jobs were issued, at an estimated cost of around £250k.

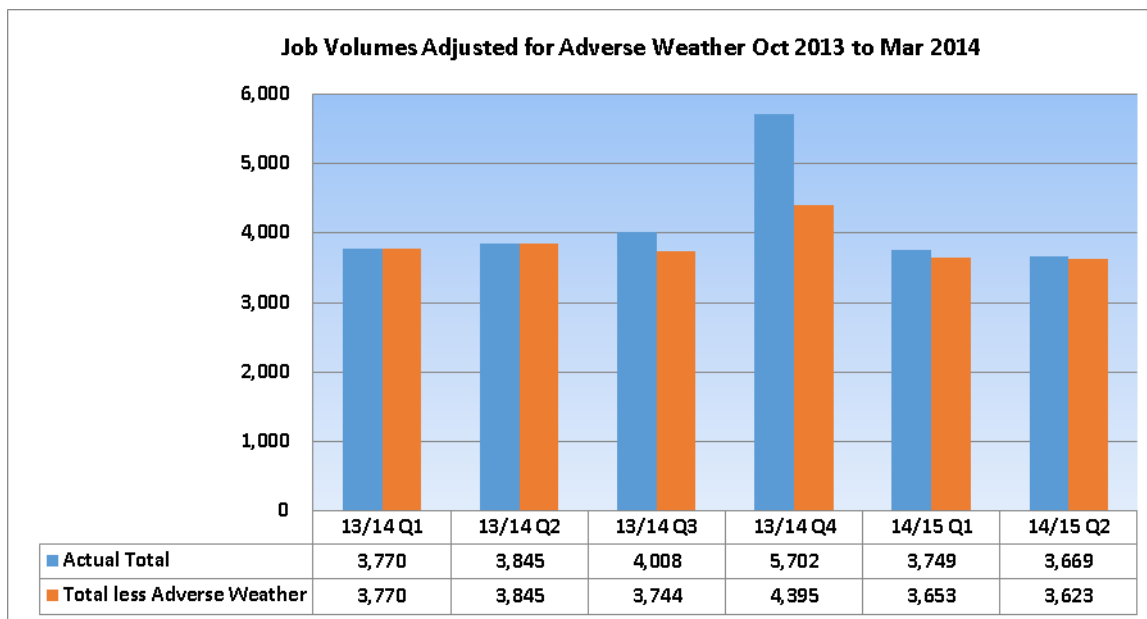


Figure 4

- 3.31 The total adjustment for adverse weather is likely to be understated as assessment is manual exercise, i.e. jobs weren't coded to specific adverse weather code and the cause is often unclear from the job description. In addition, there was a knock-on effect, as orders were issued for follow-on works after the initial emergency repair to make-safe.
- 3.32 Other typical causes of expenditure pressures are increases in the average unit cost of a job, increases in the Council's overall housing stock, and an increase in the range of responsibilities borne by Waverley in relation to the repairs of these properties. On examination all these potential factors have been eliminated as contributors to the additional financial pressures experienced last year.
- 3.33 As part of good budget planning, future budgets should fully reflect the volumes and values of jobs actually experienced in the previous year, making adjustments for exceptional circumstances.

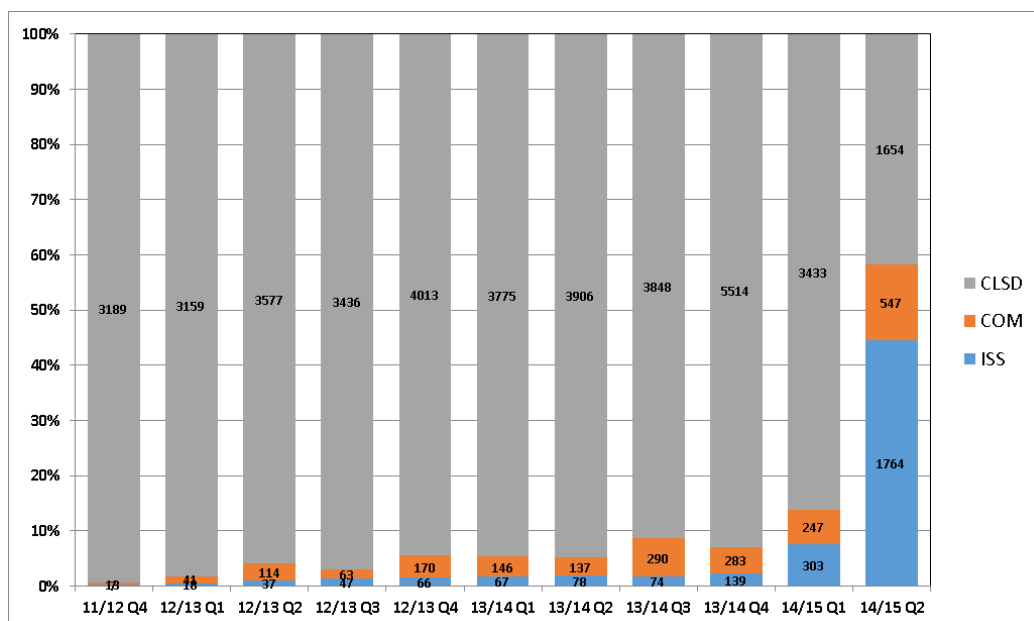
Contract Management

3.34 A set of key performance indicators is monitored on a monthly basis by Waverley and Mears managers. For responsive repairs, these indicators are:

- a. Tenant satisfaction with the repair service overall
- b. Repair completion at first visit (customer opinion)
- c. Repair completion at first visit (from Mears MCM system)
- d. Emergency repairs completed within 24 hours
- e. Average number of days to complete works following on from emergencies
- f. Average number of days to first appointment
- g. Percentage of routine repair appointments kept (customer opinion)
- h. Percentage of routine repair appointments kept (from Mears MCM system)
- i. Orders overdue
- j. Orders Issued and overdue
- k. Timely presentation of invoices
- l. Number of jobs completed
- m. Number of jobs issued

3.35 In addition to the above, financial information and information on complaints are also monitored.

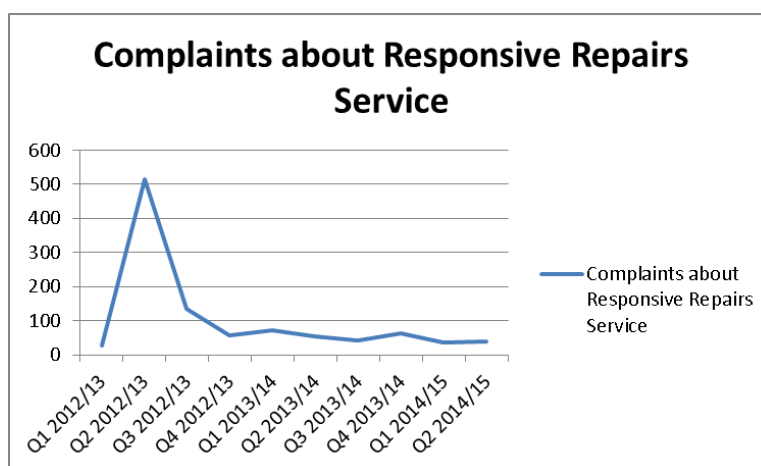
3.36 Analysis of the current workflow shows that there is a relatively high volume of jobs which are currently in an open status (i.e. issued by Waverley but not closed). A snapshot of this as at the end of September (Fig. 5) suggests that 2,126 orders were still in an open status 3 months and more following issue – the vast majority based on work completed but not yet invoiced and paid. Under normal circumstances the maximum period for job completion is one month with a further one month for payment.



- 3.37 In future closer monitoring of the length of time taken to complete a repair from the perspective of the customer should be considered i.e. individual job completion time as well as the number of visits that are required. The challenge to overcome is that this may not adequately reflect the customer experience if multiple jobs (for example to different trades or specialist contractors) have been issued to complete what is, in the customer's view, one repair.
- 3.38 Information is provided on missed appointment cases by Mears and shows scope for further improvement (for example, August KPIs suggest that 11.5% of appointments were missed); however, closer scrutiny shows that three-quarters of missed appointments are said to have taken place within one hour of the appointment time. With such a high proportion of 'near misses' there is an opportunity for Mears to further refine its works scheduling to significantly reduce the number of missed appointments. Interestingly, the customer satisfaction data provided by Mears suggests that no improvement is necessary.
- 3.39 The picture is similar on "no access" cases. Mears provide data on jobs carded for reason of no access. The figure is relatively high (for example, 72 jobs in August – 6% of issued jobs). The cause of this is not clear as the basis for the service is repairs by appointment and again the customer satisfaction data provided by Mears does not indicate this as an issue.

Customer Insight

- 3.40 As indicated above, customer satisfaction information is collected and reported by Mears. Measures dealing with overall satisfaction with the service, opinion on the proportion of jobs completed right first time, and the proportion of appointments kept, are all reported as key performance indicators. Of these, none of the performance indicators reported by Mears has fallen below 96% in the current financial year.
- 3.41 Other data sources do not entirely correlate with these high levels of satisfaction, although the recent reduction in complaints to Waverley associated with the repairs service does indicate a positive direction of travel.



- 3.42 At the peak of complaints, a high proportion related to ‘problem with the contractor’ which covered a range of issues including contractors arriving without an appointment, arriving early, not having visible identification, not returning calls, or not leaving a calling card.
- 3.43 Complaints are attended to in some detail. There has been a clear decline in the number of complaints about the responsive repairs service received since the peak in Quarter 2 2012/13 (July – September 2012), and ‘normal’ levels are typically less than 1% of the responsive repair jobs issued in a quarter. A log is maintained of lessons learned for each complaint and the actions taken, and these are reported on a regular basis to the Sub-Committee.

Key improvements already in train

- 3.44 The responsive repairs service forms a vital part of Waverley’s Housing service to its social housing tenants. It is a service that tenants rely on and it generates a high volume of transactions each year. As a result, this service plays a major part in tenant’s perceptions of Waverley’s Housing Service, and overall levels of customer satisfaction.
- 3.45 The responsive nature of the service means that it will always be subject to changing patterns and overall scale of demand. This was seen last year with the impact of the unusually wet and stormy weather and also potentially as a result of growing tenant expectations.
- 3.46 The responsive repairs service appears to achieve positive levels of customer satisfaction and reducing levels of complaints. However, Waverley has continued to be proactive in seeking further improvements to the service. This includes completing a review of the staffing resources within the Property Services Team which was agreed by Council earlier this year. The new staffing structure is designed to strengthen Waverley’s capacity to deal with the higher levels of activity across the property services function including delivery of robust contract

management and compliance. The recruitment of the new responsive repair team is near completion.

- 3.45 In February 2014, Waverley commenced a 15-month Process Improvement Project in Housing. The aim of the Project is to review and improve current housing management and maintenance service delivery processes, to ensure that processes and systems are aligned, and use of Orchard (the housing management database) is maximised. The approach, and use of consultants Navigation Partners, followed the successful process review of voids management, to reduce the length of time a property is empty between lets.
- 3.46 The Process Improvement Project has been a key driver for further improvement in 2014/15, enabling the Council to work closely with Mears to integrate more closely the two organisation's IT systems. The Responsive Repairs project was successfully implemented in July 2014, and makes Waverley's Orchard system the master system for day to day repairs; reduces the amount of data entry; automates approvals for works and invoices; and improves customer service. The project has delivered improvements to the invoicing process, more accurate financial monitoring and simplified management of jobs. This has already enabled greater transparency and tighter monitoring of activities across the responsive repairs service.

4. Findings and recommendations

- 4.1 This section of the report outlines the key findings of the Sub-Committee, based on the evidence heard by the Committee in its meetings with Mears representatives.

Finding 1: What is working well

- 4.2 The implementation of the IT interface between Waverley's Orchard system and Mears' MCM system in July 2014 has resulted in Orchard being the lead information system for managing orders. This had lead to a significant improvement in efficiencies around scheduling customer appointments and the back-office processing of orders and invoices, and greatly improved the level of Waverley's monitoring of workflow and budgetary control.
- 4.3 Use of sub-contractors by Mears has been greatly reduced, and is now limited to a small number of specific trades. Mears operate a direct-employee business model as this gives a better level of control over the service delivered. Where it is necessary to use sub-contractors, the firms used are largely local to the area and have been working on Waverley's homes for many years.
- 4.4 The number of complaints being received by Waverley about the responsive repairs service has now settled down at a low level relative to the number of repairs jobs issued each month, and this appears to be reflected in the customer satisfaction data collected by Mears.

Finding 2: Better business intelligence key to meeting the challenge of getting jobs done 'Right First Time'

- 4.5 It is an on-going source of frustration for tenants to have an operative arrive to carry out a repair, only to see them leave to go and pick up the correct parts for the job. Whilst Mears have arrangements with a number of local suppliers, including Jewsons, to enable operatives to keep their vans stocked with frequently used spare parts, there is little standardisation in the fixtures and fittings in Waverley's housing stock. This means that often it is almost impossible to know in advance what specific part might be needed before an operative has the opportunity to carry out an inspection.
- 4.6 A new method of automating re-stocking vans is being trialled by Mears, with a link from operatives' PDAs to Jewsons. This enables an operative to update their PDA with the parts used on each job; the details are transmitted to Jewsons, and replacement stock is ready for collection at the end of the day.
- 4.7 Improving productivity of operatives, by reducing avoidable delays in carrying out jobs, is being looked at closely by Mears. A pilot project was trying to capture the knowledge that long-serving operatives had about Waverley's properties and the types of fixtures and fittings that were typically found in the different housing developments or estates. This would assist in ensuring that more accurate job orders are issued and operatives arrive with the right parts. A similar approach is being used to gather information to support the roofing contract.
- 4.8 Having this information available would also enable analysis to understand if there would be any long-term benefit by carrying out planned maintenance to replace particular fittings with a standard range as a way of reducing future demands on the repairs service. The Kitchen and Bathroom replacement programme meant that this was already happening, but there could be other common repairs for which a similar approach could be taken.
- 4.9 Mears agreed to collate their information about fixtures and fittings, based on their re-stocking invoices, and share this with Waverley. This would enable consideration to be given to a planned maintenance programme of standardising certain fixtures and fittings in 2015/16. In the meantime, the information could be available electronically for planners and operatives to know in advance what spare parts might be required at a property to complete a repair without making an additional trip to a supplier.
- 4.10 With regards to the suggested detailed database of extant fixtures and fittings, It was agreed that this would be a very powerful asset. Waverley's Asset Management database is the master record for Waverley's housing stock but it does not hold records at the level of detail required to support the approach being suggested. However, the Sub-Committee felt that a good start could be made with recording the details for Waverley's new developments and refurbishments,

including where new kitchens and bathrooms had been installed over recent years, as the specification should be readily available.

- 4.11 The Head of Housing advised that the budget for 2015/16 included a bid for a data analyst, in order to get a better understanding of the data around responsive repairs and the drivers of demand. He also referred the Sub-Committee to scoping report for the review of the HRA Asset Management Strategy, which would be the opportunity to explore how to progress this piece of work.

Finding 3: Improvements are required in the back-office processing of orders and invoices between Mears and Waverley.

- 4.12 The Sub-Committee learned that in addition to outstanding orders from 2013/14 that had not yet been invoiced by Mears, a backlog on invoicing for 2014/15 orders has also beginning to build up.
- 4.13 The Head of Housing Operations emphasised the difficulties created by the irregular flow of invoices from Mears to Waverley. Invoices were presented a long time after jobs had been completed and in large volumes, which made it very difficult for Waverley inspectors to check them thoroughly. Mears were challenged on whether this was typical of their other contracts. Mears agreed that improvement was needed in processing orders promptly from 'completed' status to 'invoiced'. Typically on contracts, around 50% of work in progress represented live jobs and 50% was post-completion/pre-invoiced, and work was needed to reach this balance at Waverley for responsive repairs.
- 4.14 It was noted that a 90-day time limit on submission of invoices has been agreed with Mears for the Kitchen and Bathrooms programme as a pilot and has been operating for a number of months. The intention is to implement the same approach on the responsive repairs contract, but no timetable had been agreed for this. Mears' Managing Director agreed that 90 days was the maximum period he would be satisfied with, and this would represent an interim step change in a plan to reach an acceptable period of 30 days from completion to invoicing.
- 4.15 The Head of Housing Operations advised that work is in hand on developing Key Performance Indicators (KPIs) that will monitor the interval between completion of a job and invoicing, and between invoicing and payment.
- 4.16 The Sub-Committee suggested that to avoid devoting resources to trying to reconcile old job orders against invoices, Waverley and Mears might consider negotiating a settlement for all jobs completed but not invoiced and over 90-days old. This would allow efforts to be focused on developing a process for future invoicing, with the objective being that the invoicing process be automated.
- 4.17 Cllr Ramsdale queried whether there was a proper receipting process, which would enable accruals to be automated, which would at least enable Waverley to have

some confidence in the value of work completed but not invoiced. The Head of Housing Operations explained that since the implementation of the IT interface had established Orchard as the lead system for jobs and orders, Waverley is able to monitor accruals more accurately but there is still a lot of manual intervention required to extract the data and present it in a useful format. The Director of Operations agreed that adding a receipting stage to the process would be explored as a way of automating the accruals process.

- 4.18 It was noted that the standard Schedule of Rates for responsive repairs that was specified in the contract has almost 3,000 job codes, and this was an added complication in the process of ordering jobs, and then accounting for them subsequently. If an operative found that a job had been incorrectly coded, they were able to vary the order up to the value of £100, but for variations above this value they needed approval from a supervisor in the office. Further training for Waverley's Customer Services Team was planned to enable better diagnosis of repair requests and more accurate ordering,
- 4.19 On the Kitchen and Bathroom programme, Waverley and Mears had agreed a set of Composite Rates for standard kitchen and bathroom installations in typical properties. This had greatly simplified the process of invoicing Waverley, and Waverley then checking invoices.
- 4.20 The Chairman asked that a timetable be prepared to resolve the issue – by 31 March 2015 - so that invoices were routinely presented within a reasonable timeframe agreed by Waverley and Mears. She felt that 90-days was too long, and a more challenging target should be set. Waverley and Mears would need to work together to achieve this, but assurance was needed from Mears that they would look at their processes to ensure that applications for payment were presented promptly.
- 4.21 The Sub-Committee learned that Mears is able to implement electronic invoicing on contracts where a suitable IT interface with the client is in place. The business case for developing the IT interface between Orchard and Waverley's finance system, Agresso, in order to make progress towards automated invoicing, will be reviewed in 2015/16.

Finding 4: Collection of customer feedback needs to be improved to ensure that users can be confident of the method and the message it tells us.

- 4.22 Tenant satisfaction is a key performance indicator, and there have been long standing concerns about the reliability of the satisfaction data collected by Mears. This has shown very high levels of satisfaction, but the sample size appears to be very low relative to the number of jobs completed each month.
- 4.23 Mears Managing Director acknowledged the reservations about operatives using their PDA to collect customer feedback, as tenants might feel reluctant to give poor

feedback in the presence of the operative, or be uncomfortable about using the PDA. It was noted that sub-contractors did not carry PDAs, and personal experience of the Tenants' Panel representatives indicated that they did not consistently leave a hard copy of the satisfaction survey. The Partnership Manager advised that sub-contractors' visits were followed up with telephone surveys to collect feedback on the service. In practice, leaving post-cards or paper surveys with customers was a costly method of collecting data, and generated a very poor response as most people didn't bother to return them if they were satisfied with the work.

- 4.24 Mears also used independent company to carry out telephone satisfaction surveys of customers, but this too was a small sample, and a much bigger sample was needed to build confidence in the reliability of the satisfaction data being collected. Mears were actively looking at developing a multi-channel approach for collecting customer feedback and improving customer engagement, and would be presenting proposals to Waverley early in 2015.
- 4.25 The Tenants' Panel reported that they had carried out their own telephone surveys based on a small sample of 50 customers. The feedback corresponded to the high level of satisfaction reported by Mears, although there had been a high rate of non-response. The main issues raised by the tenants they spoke to were language, operatives not wearing their ID badges, and not keeping tenants updated on expected arrival times.

Finding 5: Improving customer care through staff training and development

- 4.26 It was noted that Mears is a national company partnering with a range of social housing landlords, and the Sub-Committee asked how good practice was shared between contracts.
- 4.27 The Regional Director explained that he managed four contracts. All feedback from residents and clients was listened to, and shared if appropriate. The Regional Directors met monthly and exchanged ideas and experiences. The three Managing Directors also met periodically to share information and then cascade good practice. A Mears clients meeting had been arranged for January 2015, which would be an opportunity for clients to meet and exchange experiences and learn from each other, and Waverley officers were looking forward to taking part in this event.
- 4.28 The Sub-Committee was very pleased to hear of the improvements that had been instigated since the current contract managers had taken on responsibility for the contract, but had some concerns about performance being reliant on individuals rather than embedded in processes. The Sub-Committee was assured that there were processes in place, and that effort was being made to develop staff and empower supervisors and their teams to take ownership of work streams and processes. The staffing of the contract team at Waverley had been increased, and

some posts that had been temporary had now been made permanent, which would help instil a culture of customer care. A range of staff training requirements had been identified, including through individuals' appraisals, and these were in progress.

- 4.29 Staff and operatives are trained through a combination of on-the-job training, refresher courses for key issues and skills e.g. asbestos awareness, and weekly Toolbox Talks for operatives. All staff have annual appraisals that included discussion of training needs. Staff also had training on customer engagement, including the vision and values of Mears and the client organisation, the code of conduct, awareness of the customers' experience, and key performance indicators. Feedback was collected on a quarterly basis from operatives on how engaged they felt with Mears and the client.
- 4.30 Sub-contractors also had to attend an induction course, and also attended regular Toolbox Talks. A concerted effort had been made to minimise the use of general sub-contractors on the responsive repairs contract, which was now predominantly delivered by Mears operatives. Many operatives were keen to broaden their range of skills, and there were now more teams with multi-skilled operatives. Sub-contractors were limited to providing specific trades, for example roofing.
- 4.31 Where sub-contractors were used, Mears supervisors inspected and signed-off their work, the same as for direct operatives. The Partnership Manager met with all sub-contractors monthly to review their performance. However, closer monitoring and management was needed to ensure a consistently high level service.
- 4.32 Many of the directly employed operatives had been working on Waverley homes for a long time, and had joined Mears under TUPE arrangements from the previous contractor. However, the Tenants Panel did have concerns about some operatives or sub-contractors having limited spoken English, which led to difficulties in communicating and dis-satisfaction. The Partnership Manager acknowledged that there had been an issue with a particular sub-contractor on the Kitchen & Bathroom programme employing operatives who did not speak English. Mears no longer used this sub-contractor, and the workforce was now largely British, or spoke English well.

5. Conclusions and the way forward

- 5.1 The Sub-Committee has heard a significant amount of evidence about how the responsive repairs service operates and the improvements that have been achieved to date by Waverley and Mears in how the contract is delivered and managed. The frustration that it has taken so long – almost 3 years into the contract - to reach this stage seems to be widely shared.
- 5.2 The Sub-Committee was very pleased to hear at its meeting in January 2015 that Waverley and Mears have reached agreement in principle on a positive resolution

of historic disagreements which would enable the Council and Mears to focus on improving current and future performance.

- 5.3 The Head of Housing has thanked the Sub-Committee for their support for Officers to pursue this approach to clearing the historical claims. The Sub-Committee was pleased to hear Lucas Critchley, Managing Director of Mears, give a commitment to achieving a 90-day submission of invoices by Mears across all work streams by 1 April 2015, or invoices would not be enforceable by Waverley.
- 5.4 The commitment to submission of invoices by Mears within 90 days across all work streams by 1 April 2015 is welcomed, and it is expected that this will be managed down further within the next financial year. Developing the IT interface between Orchard and Agresso will be key to obtaining further improvements in the processing of orders through to invoicing, and demonstrates how the desired level of service can only be achieved by Waverley and Mears working together.
- 5.5 The commitment to getting repairs 'Right First Time' is critical to customer satisfaction and the reputation of the service. It is also important to Mears and Waverley as 'avoidable' repeat visits to carry out a repair is time an operative could be spending on another job. There are many factors that contribute to this: the Customer Service Team has to diagnose requests for repairs correctly; the order to Mears has to be specified correctly; operatives need to know what parts they need to carry out the repair, and have the right parts and tools on their van; and the right skills to carry out the work.
- 5.6 Waverley needs to improve the information it holds about the fixtures and fittings in our housing stock, and to share this with our contractor, to enable getting repairs 'Right First Time'. A better understanding of the patterns of repairs being requested can help with programming planned maintenance, and introduction of a greater level of standardisation of fixtures and fittings. It is timely that the HRA Asset Management Strategy is being reviewed, and this approach needs to be considered as part of that review.
- 5.7 The Sub-Committee is pleased to see the commitment from Waverley to providing training for Customer Services Staff to help improve the correct diagnosis of jobs; and to provide the required staff resources to support the contract, including a Data Analyst to develop the business intelligence. Mears also recognise the importance of staffing the contract adequately, and developing their supervisors and operatives to improve the quality of service delivery.
- 5.8 Given the number of repairs completed each month, it is inevitable that there will be some customers who are less than fully satisfied with the service taken in the round. However, the consistently high level of customer satisfaction data reported by Mears is supported by the relatively low level of complaints reported to Waverley. Despite this, there remains a widely held perception that the service is poor.

- 5.9 To counter this, it is vital that customer feedback is collected from a representative sample of customers in such a way that tenants, Members, Waverley officers and Mears can be confident of what the data is telling us. A number of actions are proposed to address the collection and verification of customer satisfaction data, to ensure that the data is robust and that all concerned are confident of what it is reporting.
- 5.10 In order that Waverley and Mears can monitor performance on the contract, it is important that the key performance indicators used measure the right things. The Sub-Committee is pleased that the indicators specified in the contract are being reviewed, and where necessary more appropriate indicators are being developed.
- 5.11 The above conclusions have formed the basis for the improvement action plan attached to this report. In the spirit of the Partnering Contract, this is a joint action plan with responsibility for actions being shared between Mears and Waverley. Much of the work is already underway, or in the planning stage, but the action plan brings these tasks together in a way that the Sub-Committee can easily monitor going forward.