



**Nottingham Repairs and Maintenance
Contract
Annual Report 2008/09**

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1. Directors Report

This is the first annual report concerning the performance of the Nottingham Repairs and Maintenance Contract, awarded in open competition to the Nottingham City Homes Direct Labour Organisation in April 2008.

The contract started on July 7th 2008 and that date should be recognised as the start of the change process leading to better satisfaction and a more efficient service for the tenants of Nottingham City Homes.

During the last nine months, the Steering Group responsible for the contract delivery have remained firmly committed to our goal of providing the people of Nottingham with the best housing repairs service in the country. We achieved a great deal during our first nine months of the contract, but we must continue to take on new challenges and meet the changing needs and expectations of our customers. As always, we listen to tenants and leaseholders and use their feedback to improve the way we work and to develop our services.

For the first time, a formal contract has been put in place for the delivery of the contract. A new governance system is in place and we've introduced major changes to IT systems, process and key personnel. None of this has been easy, and there has been some inevitable resistance to change, but by taking on these difficult issues we can now adapt our services for the better. For the first time in many years services have been delivered inside the Councils prescribed budgets

With our partners we will continue to address key issues such as:

- Better budgetary control
- Improving satisfaction levels for tenants
- Improving performance on KPI's
- Improving the timeliness of the response for our residents

There have been substantial improvements in the 2008/09 year, but in reality this is just preparatory work for the real changes to come. The economic situation means that 2009/10 will in many ways be more difficult than 2008/09 but with hard work it will yield better rewards for our residents and we will start to see the benefits of the contract for all of our partners and stakeholders.

Mark Johnson
Director of Property Services

2. Key Achievements

An operating year of significant change and improvements for the Repairs and Maintenance services provided to residents in Nottingham has delivered many achievements. A summary of the key achievements are listed below.

√ **Contract delivered within 2008/09 Budget**

Improved budgetary management and control during the 2008/09 operating year enabled the Contract to be delivered within available resources – the first time for several years.

√ **Rising Customer Satisfaction**

Available customer satisfaction data indicates improving satisfaction levels in most areas.

√ **Contract go live date achieved, July 7th 2008**

Contract mobilisation, including a full system upgrade to ROCC Uniclass Enterprise was achieved to enable the Contract to commence on 7th July 2008.

√ **New Fleet and livery**

A new vehicle fleet capable of using bio fuel was procured and introduced across all areas of the Contract.

√ **Consolidation of depots from three to one**

All Contract repair functions were consolidated onto one site – Harvey Road, Bilborough, Nottingham.

√ **Amalgamation of Home-watch and Gas Servicing**

Home watch alarm servicing was successfully integrated into the annual Gas Servicing process.

√ **Helping to achieve 2 star rating**

The tendering exercise and resulting achievements and commitments clearly assisted in NCH gaining 2 stars with excellent prospects for improvement at the Audit Commission inspection in 2008.

√ **Shift from responsive to planned**

The implementation of the Planned Fencing Programme enabled a shift from responsive to a more planned approach to be achieved.

√ **Improved Variation Control**

Changes to the variation management process and procedures enabled a more robust approach to be undertaken.

3. Nottingham City Council Aims and Objectives for the Contract

The Employer has a number of aims and objectives for the works the subject of the Employer's tender document. These address issues that will have a significant impact on the quality of the service to customers and also wider agenda objectives that benefit and support the strategic objectives of the Employer, and include:

- **Putting residents first.**

The continued commitment to "putting residents first" in the planning and delivery of the Repairs Contract was clearly evident during the 08/09 operating year. Attendance by Client and Contractor Officers at the monthly Repairs Forums, at which Residents scrutinise service delivery across all Contract areas, and the involvement of Residents at Repair and Maintenance initiative groups to drive through improvements is proving to be an excellent tool for service development.

Customer feedback gained through the Vision Management System is also enabling challenges to be made of current service provision, whilst also ensuring that the changing needs and requirements of customers are met.

- **Reducing the amount spent on Responsive Repairs and to shift the emphasis to Planned Maintenance Work to achieve improved value for money.**

During the Contract delivery period to date, progress has been made in the shift to complete more works on a planned basis by the introduction of the Planned Fencing Programme. This programme of works commenced in February 2009 and is proving to be successful in achieving improved value for money, whilst increasing the amount spent on planned works in comparison to responsive works.

Further planned programmes of work are planned for 09/10 resulting in further budget alignment from responsive to planned being made in the respective HRA budget areas.

- **Embracing equality and diversity.**

By continually updating resident profile data within the Housing Management System is enabling focused service delivery to be achieved in respect of individual needs and requirements. Further enhancements to ensure that Equality and Diversity continues to be embraced will be delivered through the development of Equality Impact Assessments for each of the Contract workstreams.

- **Addressing environmental and sustainability matters.**

The introduction of the new vehicle fleet has enabled considerable reductions in emissions to be realised when compared to the old fleet evident pre July 08. Waste management has also been improved upon through the introduction of, and management of the Site Waste Management Plan. The amalgamation of the 3 works Depots into 1 at Harvey Road in Bilborough has also enabled waste management costs to be reduced and more effective management of waste and associated Contractors to be delivered.

- **Sustaining the local economy to the extent permitted by law.**

To support sustaining the local economy, any Contracts which are to be procured for goods, services or materials to assist in the delivery of the Contract are advertised through source Nottingham. The award winning apprentice scheme also encouraged applicants from the Nottingham area with 10 being appointed during the 08/09 operating year.

- **Securing value for money.**

Value for money for repairs and maintenance was secured for Nottingham City through the tendering exercise completed during 07/08. This exercise also had a value for money impact during the 2008 NCH Audit Commission Inspection at which 2 stars with excellent prospects were gained. The contract also operated within budget for 2008/09

Further value for money enhancements will be achieved during future Contract years through the procurement principles and exercises currently being undertaken by NCH.

Contract Context

The works were the subject of the Employer's tender document Contract Notice in the Official Journal of the European Union dispatched on 7th June 2007 (reference number 2007/S 109-134368). These works were previously the subject of a Contract Notice in the Official Journal of the European Union dispatched on 27th September 2005 (reference number 2005/S 186-183308).

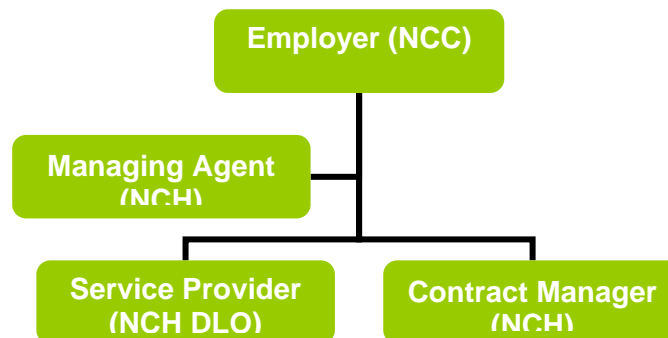
For the purposes of the Contract, the Employer will be Nottingham City Council and the Contract will be managed by Nottingham City Homes Limited (an arms length management organisation set-up by the Employer) on behalf of the Employer under the terms of a management agreement made between those parties and in accordance with the terms of the form of contract referred to below. The Contract will be for the entirety of the works the subject of the Employer's tender document.

Governance and Contract Structure

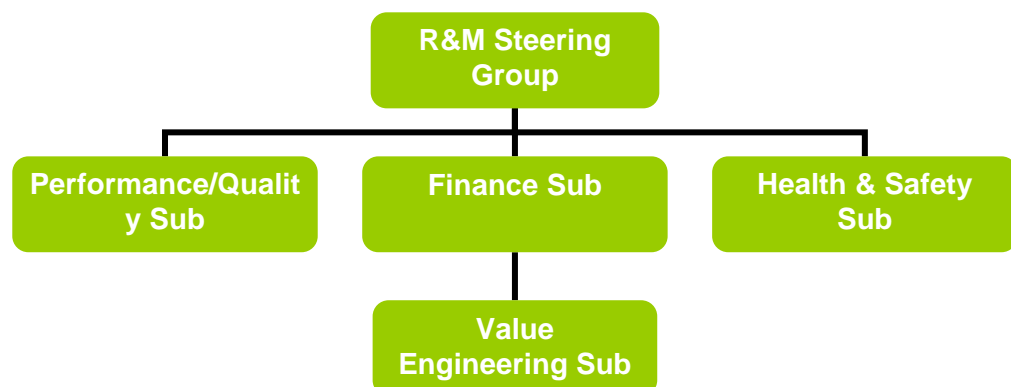
The contract is an arrangement between Nottingham City Council and two areas of Nottingham City Homes.

- Nottingham City Council is the **Employer**.
- Nottingham City Homes Property Services deals with the **Managing Agent (Relationship Management) and Contract Manager (Contract Administration)**
- Nottingham City Homes Direct Labour Organisation is the **Service Provider (Service Delivery management)**.

Contract Management Structure



Contract Governance Structure



Audit and Risk

The contract is audited by Nottingham City Homes internal auditors TIAA as part of their audit plan. An audit by Nottingham City Council auditors is due to be undertaken in the third quarter of the current financial year (2009/2010). The Contract Manager will work closely with NCC colleagues to ensure that audit needs and requirements of the Employer are met.

Risk management is reviewed as part of the terms of reference of the R&M Contract Steering Group and the current risk register was updated in February 2009

4. Contract Administrators Report

Budgetary Statement

A major success for the contract is that the works have been achieved within the available budgets.

Whilst the 9 month operating period presented challenges in the management of the Contract Client budgets and variation process, the results indicated in the tables below show that the financial out turns for the full operating year (of which the Contract contributed to for 9 months) indicate improved budgetary control when compared to the previous year for both client budgets and variation investigation and resulting refunds.

Client Budgets

2007/08 - HRA		
Budget	Spend	Variance
£16,400,480.00	£16,688,697.46	£288,217.46
2008/09 – HRA		
Budget	Spend	Variance
£17,097,450.00	£17,076,846.39	-£20,603.61

2007/08 – Management Fee		
Budget	Spend	Variance
£6,300,000.00	£6,300,000.00	£0.00
2008/09 – Management Fee		
Budget	Spend	Variance
£5,154,310.00	£5,242,133.61	£87,822.73

2007/08 – Combined		
Budget	Spend	Variance
£22,700,480.00	£22,988,697.46	£288,217.46
2008/09 – Combined		
Budget	Spend	Variance
£22,251,760.00	£22,318,980.00	£67,220.00

Variations/Summary of Refunds

Period	Refund to HRA / Management Fee
2006/07	£ 544,440.00
2007/08	£ 730,437.53
2008/09 (pre Contract)	£ 350,377.25
2008/09 (post Contract)	£1,385,593.10
2008/09 Combined	£1,735,970.35

Performance Statement

The contract performance has been mixed through the first nine months of the contract.

The position on customer satisfaction is improving which is to be welcomed, but the new contract has so far not had the desired effect on KPI's and quality. It is therefore necessary for corrective action to be undertaken. The contractor has agreed that this needs to change and improvements will be a high priority in the coming year. Because of the actions already working through we are confident that the required improvements will be achieved.

Customer Satisfaction

Customer Satisfaction 08/09 out turn measures gained through the Vision Management System (VMS) are generally positive with most measures indicating above target satisfaction ratings. However, although satisfaction measures gained were positive, no data has been reported through the monthly Contract Reports since December 2009. Whilst the Contract Manager has been assured that data is available and will be forthcoming, at the time of writing these comments no data has been submitted.

Recommendations

- 1) Contract Manager to request that the Contract Managing Agent issue 9 minor default notice's to the Contractor for failing to provide information within that prescribed in the Contract documents for 9 satisfaction measures.

- 2) Satisfaction data for each period within the final quarter of 08/09 to be issued to the Contract Manager within 4 weeks of the default notice's and a timetable of future monthly data submission dates to be collated and issued to Contract Manager within 2 weeks of the default notices being issued.

Key Performance Indicators

Annual out turns for the majority of the operational performance measures indicate that agreed performance targets established and detailed in the Invitation To Tender (ITT) were not achieved by Nottingham City Homes Contract Services. Whilst as Contract Administrator we appreciate that new indicators were introduced for the Contract, and issues and circumstances around mobilisation caused problems in service delivery, performance delivered to our customers over the first 9 months of the 5 year Contract has deteriorated when compared to pre Contract performance.

Whilst 08/09 out turns were disappointing, we recognise that in month performance results (specifically around Responsive Repairs) for the March 09 reporting period were encouraging, and early indications are that performance improvement will continue into the 09/10 operating year.

Performance measured against the % of routine repairs for which an appointment was both made and kept, delivered an out turn of 94.34% against a target of 97.0%, whilst emergency repairs completed within target delivered an out turn of 99.08% against a target of 98.0%. The average number of days taken to complete routine repairs improved in March 09 to 14.1 days, but did not achieve the annual out turn target of 10 days. Detailed evaluation and commentary against all Contract Performance Indicators are evident in the supporting documents identified in Section 6.

Customers indicated that KPI's did not always match their understanding of what the contract should do. The independent report into the contract performance for residents, **Keeping Promises** by Cameron Consulting makes some key recommendations which need to be reviewed.

Recommendations

- 1) Contract Manager to request that the Contract Managing Agent issue 16 minor default notice's to the Contractor for failing to achieve 16 agreed performance targets for the 08/09 operating period.
- 2) Contractor to complete a detailed action plan on how and what improvements are intended to improve on 08/09 performance out turns throughout the 09/10 operating period.

- 3) Review KPI's in light of Keeping Promises report and recommendations

Quality

All Quality Assurance measures evident within the suite of indicators utilised to monitor the quality of repairs / maintenance completed, indicate both a deterioration in performance (when compared to the 07/08 pre Contract out turns) and a failure to achieve agreed 08/09 targets . It is recognised however, that the pay freeze within NCH restricted the need to appoint to the vacant Quality Control Officer position which had had a clear impact on the % of post inspections of completed work.

Recommendations

- 1) Contract Manager to request that the Contract Managing Agent issue 2 minor default notice's to the Contractor for failing to achieve 2 agreed performance targets for the 08/09 operating year.
- 2) The vacant Quality Control Officer post is appointed to at the earliest opportunity.

Method Statements

An assessment has been completed of the submitted Method Statements by the Contract Manager to establish if:-

- 1) Working practices stated as being evident, remain evident
- 2) Commitments made have been implemented

This exercise has resulted in the identification of certain statements / commitments made being questioned as to whether they are in place or have been implemented.

Recommendation

Contract Manager to further assess each of the statements / commitments made, through the utilisation of the Tenant Inspection Team.

5. 2009 / 2010

Looking forward to the first full year of the Contract in the absence of the need to mobilise, prepare for, and be subject to, an Audit Commission inspection will enable further improvements to be realised. The budget for the coming year is similar, but the split is more towards planned repairs than responsive. The reduction in capital void budget will make it increasingly important to gain better value in this area

We are confident that the Repairs Contract will achieve:-

- An improvement in performance when compared to the 08/09 operating year.
- Continued high levels of customer satisfaction ratings for the services delivered.
- The development of improved working practices between NCH and NCC.
- A further shift from responsive work to that of a planned nature and the financial benefits this delivers..
- Improved quality in terms of product use, product specification and product installation.
- Continued effective budgetary control of Contract work streams and associated variations.

6. Supporting Documentation

This report has been compiled from various sources of data and information available on request.

- *Performance and Quality Report – July 2008 – March 2009*
- *Performance and Quality Report – March 2009*
- *Contract Management Framework*
- *Method Statement Commitment Assessment*
- *Keeping Promises Report – Cameron Consulting*