

**Council**

19 July 2018

**Agenda Item 21**

Brighton &amp; Hove City Council

**Subject:** **Independent Review of Existing Partnering Contract for Housing Repairs, Maintenance, Planned and Major Works**

**Extract from the proceedings of the Housing & New Homes Committee meeting held on the 13<sup>th</sup> June, 2018**

**Date of Meeting:** **19 July 2018**

**Report of:** **Executive Director, Neighbourhoods Economy, Environment & Culture**

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**Wards Affected:** Patcham

**FOR GENERAL RELEASE*****Action Required of the Full Council:***

To receive the item referred from the Housing & New Homes Committee for information:

**Recommendation:** That the extract from the Housing & New Homes Committee meeting and report be noted.

**BRIGHTON & HOVE CITY COUNCIL****HOUSING & NEW HOMES COMMITTEE****13 JUNE 2018****COUNCIL CHAMBER, HOVE TOWN HALL**

**Present:** Councillor Meadows (Chair) Councillor Hill (Deputy Chair), Councillor Gibson (Group Spokesperson), Councillors Atkinson, Barnett, Bell, Druitt, Janio, Lewry, and Moonan.

**DRAFT MINUTE****PART ONE**

- 11 INDEPENDENT REVIEW OF EXISTING PARTNERING CONTRACT FOR HOUSING REPAIRS, MAINTENANCE, PLANNED AND MAJOR WORKS**
- 11.1 The Committee considered a report of the Executive Director, Neighbourhoods, Communities & Housing which provided details of the independent review of the council's partnering contract with Mears Ltd. The council had commissioned the review of the partnership to identify further improvements that would benefit the partnership, residents and stakeholders. The review included consideration of the current working arrangements, reporting processes and interactions between Council and Mears staff and potential recommendations as to how the partnership could be improved and strengthened moving forward. The report was presented by the Executive Director, Neighbourhoods, Communities & Housing accompanied by the Head of Housing Strategy, Property and Investment and Lucas Critchley, Managing Director, Mears Group.
- 11.2 The Executive Director informed members that key findings were set out in paragraph 3.10 of the covering report (Section 2 of the 31ten report). The 31ten report which was commissioned a year ago had assisted the council and Mears to move forward and improve service delivery. The report had enabled officers and members to properly review the contract and showed that the majority of actions taken with Mears were successful. However there was still a need to work to improve certain areas.
- 11.3 Lucas Critchley, Mears stated that he was pleased to see some of the findings of the report and to have independent ratification of some of the successes of the contract. It was the hard work of Mears staff allied to the hard work of council officers that had achieved these successes. A great deal had been achieved over the last year with regard to collaborative working, relationships with council officers and Mears staff, and co-location. Efforts would be made to make more improvements over the last two years of the contract.

- 11.4 Councillor Atkinson found the report well written in plain English. He noted that there had been 100% decent homes achieved, tenant satisfaction had improved, time taken for repairs had reduced and the contract had performed financially in most areas; however, the key failings were very worrying. He particularly noted that the contract was not geared towards a capital improvement programme. Page 97 of the agenda (page 13 of the report) stated that relationship issues had existed through the life of the contract. Councillor Atkinson questioned why this had not been picked up on over the last 8 years. Page 99 stated that many of the issues identified were well established before the overcharging came to light. Page 100 talked about the greater level of contract management potentially replicating roles already undertaken by Mears. He stressed that regular and unannounced checking and scrutiny of repair maintenance and capital works were surely central to any contract of this nature. Page 102 mentioned numerous examples on both sides of people management and performance issues. However the recommendations were wide ranging and constructive and hopefully could be delivered over the next two years to the benefit of both sides of the partnership and for local tenants and leaseholders. It also gave a good foundation to look at the next contract.
- 11.5 Councillor Gibson stated that the report was very important and he welcomed that it had been made public. It was vital that it was studied carefully and lessons were learnt. He welcomed the action plan and that fact that it was already being implemented. The key sentence was “full potential was not realised” There was a need to consider why the full potential was not realised and to be concerned about some of the failures that had been outlined. Councillor Gibson made the point that partnering arrangements required respect and trust in addition to shared objectives. Paragraph 2.9 of the report referred to a breakdown of trust. Councillor Gibson was concerned that price per property was never developed. A key factor in trying to access value was tenant satisfaction. The report talked about excellent delivery of day to day repairs. Councillor Gibson urged caution over some of the figures quoted and felt that a better measure of satisfaction was the Star Survey which looked at the satisfaction with the last repair undertaken.
- 11.6 The Executive Director responded to the questions regarding the spirit of partnership and trust. She stressed that the report was written a year ago and it looked backward. The partnering contract was a new experience for the council. In the past the council did not have the officer skills or understanding or experience to deal with a partnering contract, which did have a level of trust attached to it. The council then took that partnering contract to mean that it stepped back and the contractor was left to implement it. The Executive Director stressed that now there were fortnightly repair’s meetings with regular contact at all levels. That trust had been built. It was something that should have happened a long time ago. She was confident going forward that that the council did know what was going on with the contract. The council now had more staff that did look at the way the contract was being operated and did take a role in checking the contract. The risk of publishing the report was that everyone would presume it was a picture of today. It was in fact a review of what has happened. Going forward the Executive Director was confident that there was a spirit of partnership and trust between the two organisations.
- 11.7 Councillor Bell stated that there were shortcomings on both sides of the partnership. His concern was that he could not see mention of a stock condition survey in relation to the existing contract. The Executive Director stressed that having a stock condition survey

carried out by Mears as part of this contract would have been criticised. However, the council did have a stock condition manager and a stock condition survey which it updated on a rolling programme. Whether the council should have a full stock condition survey carried out or whether it should have a rolling programme of 20% independent stock condition survey was something that could be discussed. However, a report would need to be submitted to the committee as the cost would be high.

- 11.8 Councillor Moonan welcomed the report which had a lot of positives and negatives. The contract had not been monitored as closely as it should have been over the last 8 years. She was heartened that the partnership working had improved. There was a need to take learning from this report into the re-procurement of the next contract.
- 11.9 Councillor Druitt referred to the action plan. He asked what if anything was the council adding to the action plan that was already in place, as a result of learnings from this report. Councillor Druitt referred to the introduction to the report. It seemed that the first mistake that the council made was thinking that this was going to both save money and improve things dramatically. He acknowledged that there had been very good improvements to decent homes standards but the two main objectives on paragraph 1.2 of the review were to exceed decent home standards and to save the council money. It was not often that a contract could both improve things and save money at the same time. Councillor Druitt considered that in trying to save money a few corners had been cut. The report referred to the misalignment of objectives. He stressed that there needed to be more alignment in designing a new contract. Paragraph 2.9 of the review on page 93 referred to the regular loss of key council staff. What could the council do when key staff left? Councillor Druitt felt that the contract scored its own homework and that work needed to be independently assessed. The report referred to shortcomings in long term projects. Councillor Druitt asked how the council could create a better contract that was more long term and dynamic.
- 11.10 The Executive Director stressed that the report did not say that anyone had cut corners. The report had talked about the contract having two main objectives to exceed decent homes standards and save money and both of those has been met. The Executive Director stated that to avoid issues such as of lack of trust and contractors marking their own homework, there needed to be an awareness of those issues to avoid the issues happening again in the new contract. She stressed the need to work with tenants and leaseholders and ask them what they wanted in the new arrangement. With regard to key staff leaving, there were now measures in place to ensure those members of staff met with key officers involved in the contract and passed on knowledge before they left. Everything was documented. The Executive Director did not think there was anything else to be added to the action plan. The action plan had given the council the evidence and the independent review to be able to take things forward.
- 11.11 Councillor Janio expressed concern about single monopoly provision. He stressed that the reason the council decided to award the contract with Mears had been related to the decent homes standard and the stock transfer. He urged the committee not to have a single contractor who provided everything. There needed to be a fully contested contract.
- 11.12 Lucas Critchley stated that at the start of the contract the objectives had been very clear and both sides were working very hard to achieve them. Because decent homes standards, cost savings, and service improvements were improved early on in the

contract it was fair to say there was a period of drift. However, those benefits and achievements did not stop at that point. Decent Homes standards were maintained. The cost savings be it from the initial reorganisations or through day to day efficiencies continued year on year through the life of the contract and they were significant. Mr Critchley agreed that shared objectives were key to a partnering relationship. Meanwhile, performance targets were revised yearly. There were many opportunities for the council's next contract to be more dynamic and look at things in different way.

11.13 **RESOLVED:-** That Housing & New Homes Committee:

- (1) Note the 31ten report on the council's partnering contract with Mears Limited attached in Appendix 1 to this report;
- (2) Note that the parties have made progress on the action plan recommended in the 31ten report, as outlined in the body of this report;
- (3) Agree that work on the action plan should continue in the interests of improving and strengthening the council's partnership with Mears Limited.

