

15 February 2024		ITEM: 7
Housing Overview and Scrutiny Committee		
Best Value and Service Benchmarking		
Wards and communities affected: All	Key Decision: N/A	
Report of: Alastair Wood – Head of Assets, Repairs and Compliance, Housing Adults, Housing & Health		
Accountable Assistant Director: Ewelina Sorbjan Assistant Director, Housing and Development, Adults, Housing & Health		
Accountable Director: Ian Wake, Executive Director of Adults, Housing and Health		
This report is: Public		
Version: Final		

Executive Summary

This report is intended to provide the committee with details regarding how contract rate fluctuation is managed with the two main contracted providers of whom deliver the responsive repairs service and the capital investment programme to.

In addition, this report also seeks to address and explain “what good looks like” in relation to the performance of the housing services which are provided by the council. Contained within the body of the report is information detailing the council’s performance relating to the new tenant satisfaction measures (TSMs) the Regulator of Social Housing (RSH) has set and how this compares with other comparable social housing providers for context.

Commissioner Comment:

It is suggested no commissioners’ comments are required for this report because it’s for information only and contains information requested by the members of the Overview and Scrutiny. There are not financial implications for this report and no decision is sought.

1. Recommendation(s)

- 1.1 The Housing Overview and Scrutiny Committee is requested to note, comment on and scrutinise the contents of this report.**

2. Introduction and Background

- 2.1 This report has been presented to the committee to detail how the housing service has managed its two main contracts whilst delivering best value for the council and maintaining strong performance and service delivery to residents.
- 2.2 The origin of the report derived from a request from the committee to provide information on how the council has delivered best value and how this compares with other social housing providers in relation to performance of delivery.
- 2.3 It is important to note that monetary best value cannot be compared on a like for like basis with other social housing providers. This is because pricing is directly linked to bespoke service delivery mechanisms, governing contracts, materials and performance specifications which are unique to Thurrock Council's needs and requirements. In addition, the size, scale and geographical locality of any programme or project has a material influence on preliminary works and overheads on contracting partners.
- 2.4 As a result, this report focuses specifically on contract rate fluctuations relating to both contracts and how this has been negotiated by the council to ensure that best value is achieved throughout the lifespan of both contracts.
- 2.5 All major housing contracts are procured in full adherence with the Public Procurement Regulations 2015 and are procured in line with the council's constitution by obtaining the necessary authority through the process. Procurements are tendered in different ways such as a framework or open market depending on the nature of the programme or project and its value. Applicable tenders are subject to a competitive exercise that is scored based on both price and quality with the weighting apportioned to each being dictated by the works or services being sought. Therefore, assurance can be given that at the point of award the council does seek best value.
- 2.6 The two contracts referred to within this report are the responsive repairs contract delivered by Mears PLC and the Transforming Homes contract delivered by Wates Living Space.

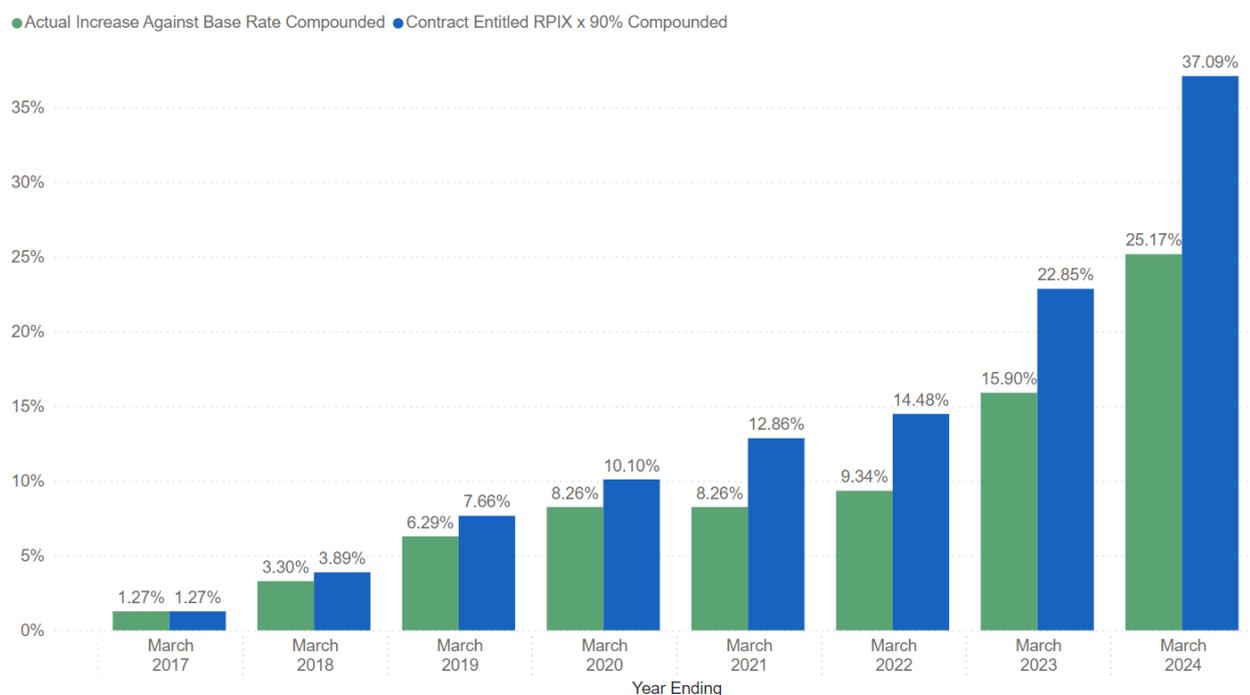
3. Responsive Repairs Contract

- 3.1 The responsive repairs contract with Mears PLC commenced at the start of 2015. Over the lifecycle of the contract both parties have worked in partnership delivering repairs and maintenance services for Thurrock Council and its residents. The partnership with Mears has been one that has evolved during the life of the contract and has spanned a period of significant transition in the social housing sector and the regulatory landscape. Therefore, when required there has been fundamental shifts in the scope of works and services that are delivered to residents.
- 3.2 The contract is delivered under a price per property (PPP) model for the main responsive repair aspect of the contract with several other workstreams sitting outside of the pricing framework. The workstreams outside of the PPP pricing framework utilise prices set out in the Schedule of Rates (NHF Version 6.1) less the adjustment of 11% proposed by Mears at tender stage. Throughout the term of the contract Mears have been entitled to an annual inflationary uplift on the rates that are charged under the contract. The clause within the contract stipulates that contractual indexation is linked to the Retail Price Index Excluding Mortgage Interest (RPIX) which is due each April. The contractual mechanism is for the January-to-January

increase in RPIX to be capped at 90%. Whilst this is the contractual entitlement of Mears PLC, the final agreed amount is subject to negotiation and mutual agreement between the contracted parties.

3.3 The nature of the partnership between Thurrock Council and Mears over the term of the contract has meant that negotiations relating to the contractual uplift are constructive, cohesive and collaborative. As a result, during the term of the contract, the agreements made year on year have resulted in Mears PLC foregoing around one-third of the cumulative contractual uplift to-date which has resulted in significant savings to Thurrock Council. It is expected that the savings realised for the 2023/24 financial year alone as a direct result of the compounded reduction in indexation throughout the life of the contract will be in the region of £950,000.

3.4 To illustrate this, the chart below visualises compounded rates to illustrate the cumulative impact of the contractual uplift mechanism versus the cumulative impact of the position that has been reached and applied through negotiation and mutual agreement. This has been achieved through the collaborative approach which has been the foundation upon which the contract has been operated successfully.



3.5 Furthermore, to preserve and improve the level of service that is provided to our tenants, Mears has very recently made significant investments in its operations and to its workforce with a 5% pay increase effective from 1 January 2024. This pay increase is designed to enable Mears to retain a competent and professional work force at the level required to meet the demand of the service and in respect to this point over 55% of the Mears staff working on the Thurrock contract live in borough. Additionally at present 35% of the Mears supply chain are based in Thurrock.

4. Transforming Homes Contract

4.1 The Transforming Homes contract delivers the primary capital investment to the council's housing portfolio each year. This contract was procured in late 2020 and commenced in June 2021 after the appointment of Wates Living Space. The works delivered under this contract are aligned to the Decent Homes Standard and therefore, this contract is delivering essential

required capital investment into the housing portfolio to maintain stock decency and overall condition.

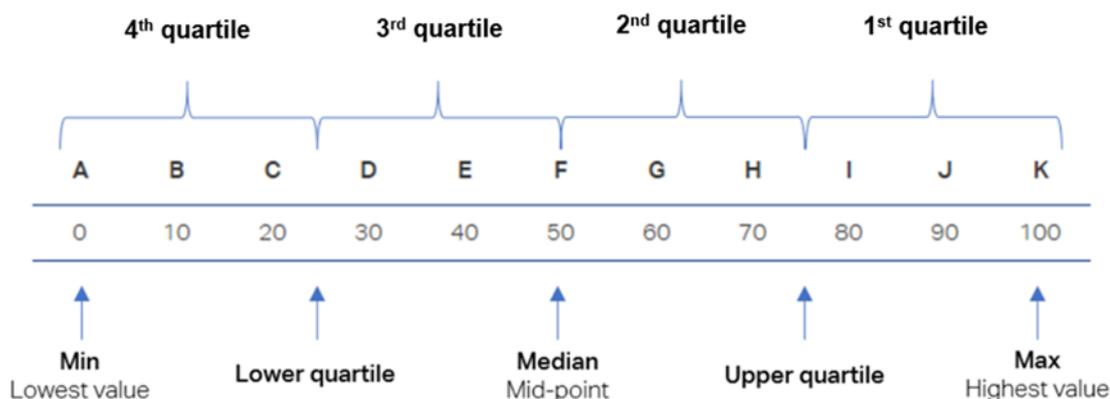
- 4.2 This contract by its nature is much shorter in duration and therefore the opportunity to achieve such a collaborative monetary saving over the term was not viable. Moreover, construction sector costs at this stage also impede the ability for economic savings because of material and supply chain costs on main project related works.
- 4.3 The Transforming Homes contract operates an entirely different commercial model and under a different form of contract. The contract operates on agreed tendered rates of which were evaluated under a competitive tendering exercise in 2020. Framework rates are applied where possible to any new works required that fall outside of the tendered composite rates and the contract also includes the Schedule of Rates (NHF Version 6.1) to price items less the minus 50% adjustment that Wates tendered and was incorporated into the contract. If neither of those categories can be used to price comparable works, we also have the provision of pre-agreed day-works rates which can be used to price any additional labour works for a range of different trades.
- 4.4 The pricing mechanism in the contract allows for preliminary works to be included within the rates and therefore the more work a contractor carries out, the more preliminaries they can recover as a result.
- 4.5 Within the contract there are provisions for fluctuations at yearly intervals based on the level of works that are issued to them in year. The calculation is based on the general maintenance index within Building Cost Information Service (BCIS) as per the contract conditions. This has resulted in the following uplifts:
- Year 1 uplift - 4.39%
 - Year 2 uplift - 6.78% (2.39% uplift on above)
 - Year 3 uplift - 12.27% (5.49% uplift on above)

5. Thurrock Council Benchmarking Performance

- 5.1 The Regulator of Social Housing (RSH) has devised a new system for assessing how well social housing landlords in England are doing at providing good quality homes and services. In addition to introducing revised consumer standards, this also involves a set of tenant satisfaction measures (TSMs) that social housing landlords must report to the RSH annually starting in 2024/25.
- 5.2 There are 22 tenancy satisfaction measures in total which cover five key themes including keeping properties in good repair, maintaining building safety, respectful and helpful engagement, effective handling of complaints and responsible neighbourhood management. These measures will be measured using a combination of results from tenant perception surveys and management information held by the landlord.
- 5.3 Performance relating to the suite of 22 TSMs for 2023/24 will be reported to the RSH in the summer of 2024 and will be subsequently published by the RSH in the Autumn of 2024.
- 5.4 Thurrock Council is a member of Housemark which is a membership organisation for social housing landlords. With over 350 members, it represents a significant part of the social

housing sector, including most large housing associations and stock-retained local authorities. As a Housemark member, the council is able to undertake benchmarking across the sector and with like-for-like peer groups.

- 5.5 At mid-year in 2023/24 all Housemark members were invited to voluntarily submit mid-year performance statistics to Housemark to participate in a benchmarking exercise. In total, 189 landlords participated in the exercise including Thurrock Council and each landlord was placed into a peer group with other comparable social housing providers.
- 5.6 Peer groups were assigned based on two key criteria; the profile and characteristics of organisations in each peer group are similar and that the peer groups are small enough to be specific whilst ensuring there are enough peers to generate robust quartile results. Thurrock Council's peer group was defined as South Central Local Authorities and Arm's Length Management Organisations (ALMOs) with less than 10,000 housing stock which consists of 42 social housing providers.
- 5.7 In late 2023, the council were provided with the quartile results of the benchmarking exercise which indicate how the council compares with other participants. For each measure, the mid-year outturn for each participating organisation in the peer group is arranged in numerical order. The median is the middle value, and the quartiles divide the dataset into four equal parts. The 1st quartile group (quartile one) represents the organisations with the best performing values and the 4th quartile group (quartile 4), the lowest. An image which visualises quartile results is shown below:



- 5.8 Several the TSMs are either linked to or relate directly to the services delivered by the contracts referred to in this report and provide a yardstick for “what good looks like”. The quartile results of the benchmarking exercise for the South Central Local Authorities and Arm’s Length Management Organisations (ALMOs) with less than 10,000 housing stock peer group relating to these TSMs are detailed below.

5.8.1 Overall service from landlord (TP01) is an over-arching TSM which aims to measure tenant satisfaction with the landlord as a whole. It is broadly recognised across the sector that the primary driver of satisfaction with this measure is repairs. Mid-year performance for this TSM was 69.8% and compared with our peer group, 69.8% puts us in quartile 3 and is 0.2% below median value. At the end of quarter 3 of 2023/24, performance for this TSM has improved by 1.5% to 71.3%.

TP01: Overall service from their landlord

Your organisation: 69.8% ⋮ Quartile 3: 67.2% | Median: 70.0% ⋮ Quartile 1: 77.6%



5.8.2 Overall repairs service (TP02) measures tenant perception of the repairs service in the last 12 months. Mid-year performance for this TSM was 76.3% and compared with our peer group, 76.3% puts us in quartile 2 and exceeds the median value by 1.2%. At the end of quarter 3 of 2023/24, performance for this TSM has fallen by 1.2% to 75.1%.

TP02: Overall repairs service

Your organisation: 76.3% ⋮ Quartile 3: 67.4% | Median: 75.1% ⋮ Quartile 1: 78.1%



5.8.3 Time taken to complete most recent repair (TP03) measures tenant perception of how long it took to complete the most recent repair which was undertaken at their property. Mid-year performance for this TSM was 79.1% and compared with our peer group, 79.1% puts us in quartile 1 and exceeds the median value by 11.1%. At the end of quarter 3 of 2023/24, performance for this TSM has fallen by 0.7% to 78.4%

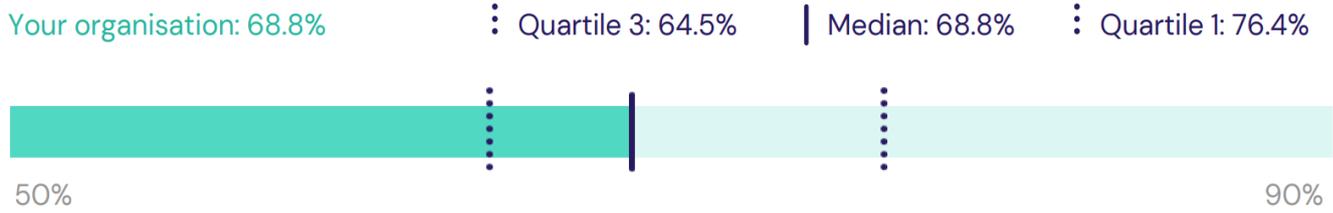
TP03: Time taken to complete their most recent repair

Your organisation: 79.1% ⋮ Quartile 3: 62.4% | Median: 68.0% ⋮ Quartile 1: 75.9%



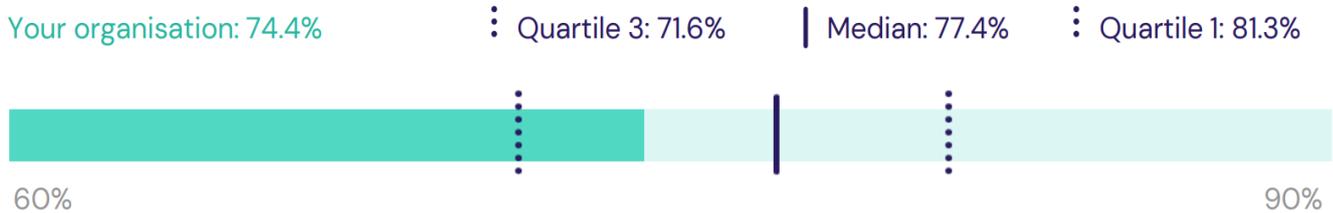
5.8.4 Home is well maintained (TP04) measures tenant perception of how well their home is maintained by their landlord. Mid-year performance for this TSM was 68.8% and compared with our peer group, 68.8% puts us in quartile 2 and equals the median value of 68.8%. At the end of quarter 3 of 2023/24, performance for this TSM has improved by 1.8% to 70.6%

TPO4: Home is well maintained



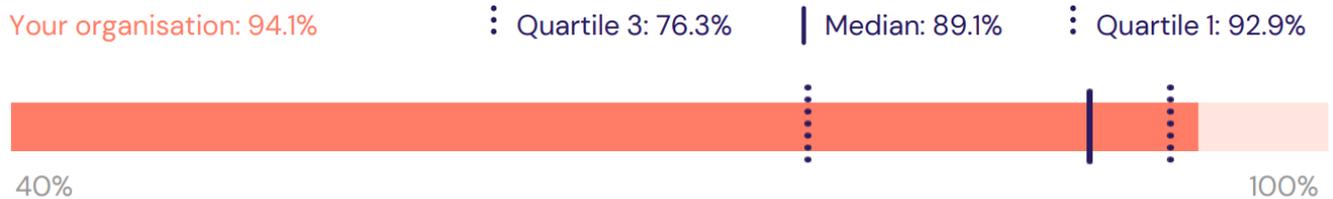
5.8.5 Home is safe (TP05) measures tenant perception that their home is safe. Mid-year performance for this TSM was 74.4% and compared with our peer group, 74.4% puts us in quartile 3 and is below the median value by 3%. At the end of quarter 3 of 2023/24, performance for this TSM has improved by 0.1% to 74.5%

TPO5: Home is safe



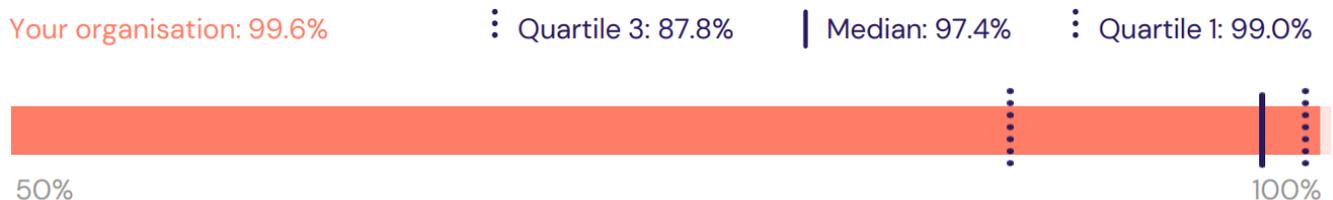
5.8.6 Non-emergency responsive repairs completed within target timescale (RP02/1) measures the percentage of non-emergency repairs completed within their priority timescales. Mid-year performance for this TSM was 94.1% and compared with our peer group 94.1% puts us in quartile 1 exceeding the median value by 3.8%. At the end of quarter 3 of 2023/24, performance for this TSM has improved by 0.8% to 94.9%

RP02(1): Non-emergency responsive repairs completed within target timescale



5.8.7 Emergency repairs completed within target timescale (RP02/2) measures the percentage of emergency repairs completed within their priority timescales. Mid-year performance for this TSM was 99.6% and compared with our peer group 99.6% puts us in quartile 1 exceeding the median value by 2.2%. At the end of quarter 3 of 2023/24, performance for this TSM has remained consistent at 99.6%.

RP02(2): Emergency repairs completed within target timescale



6. Conclusion

- 6.1 This report seeks to demonstrate how the housing service continues to seek best value throughout contractual lifespans and, how contract inflationary clauses are managed and negotiated through a collaborative partnership approach. This approach achieves significant monetary savings for the council which is ultimately invested back into the council's housing stock.
- 6.2 This report also provides the committee an overview of the council's current performance relating to the new regulatory TSMs that have been implemented by the Regulator of Social Housing which are intended to assess how well social housing landlords in England are doing at providing good quality homes and services. The performance that is demonstrated within section 5.8 of this report provides direct benchmarking against specific criterion and demonstrates how the council is performing against other comparable landlords. The results clearly identify areas of improvement but also demonstrate strong performance in service delivery in key areas.

7. Impact on corporate policies, priorities, performance and community impact

- 7.1 This section is not applicable because the report is for information only.

8. Implications

8.1 Financial

Implications verified by: **Andy Michaelides**
Senior Management Accountant 01.02.2024

The Housing Revenue Account Business Plan makes provision for the ongoing investment in the existing housing stock. The above reflects contractual commitments that the council have entered in to deliver works for and on behalf of the council to maintain and improve its housing assets. This report does not have any direct financial implications because it refers to existing contracts that continue to be managed in line with the contract agreements that exist, and have been subject to previous approval and scrutiny.

8.2 Legal

Implications verified by: **Kevin Molloy**
Principal Solicitor Contracts Team 05.02.2024

The council's obligations as landlord to repair and maintain council properties are set out in the tenancy agreement. In addition section 11 of the Landlord Tenant Act 1985 sets out statutory obligations to ensure that the structure of homes are repaired and the repairs are carried out within a reasonable time. Given this is an update report and the nature of the recommendation to the Committee, there are no legal implications directly arising from the recommendation.

8.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**
Community Engagement and Project Monitoring
Officer 06.02.24

Thurrock Council must continue to maintain its housing stock appropriately to ensure we are able to deliver a well performing housing service. Effective asset management can only happen if the council maintains an accurate record of the portfolio from works and surveys of this nature.

The council relies on contracts with private sector contracting partners to deliver works and services on their behalf. and We work to appoint contracting partners that recognise and prioritise the residents and their needs, taking into account any protected characteristics as defined by the Equalities Act 2010 e.g. disability.

Failure to maintain and improve homes will have a direct impact on the health, safety and wellbeing of our residents and the residents of the Borough as a whole and therefore, best value is not just monetary but about the level and the way residents' access and receive services.

8.4 Risks

There are no risk identified based on this report because it's for information only.

8.5 Other implications (where significant) – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder, or Impact on Looked After Children

N/A

9. Background papers used in preparing the report (including their location on the council's website or identification whether any are exempt or protected by copyright):

None

10. Appendices

None

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