Overview and Scrutiny Committee

24th March 2015
The programme is in its fourth year and has made over 5,000 homes Decent in that time.

Tower Hamlets has met all of its annual spend and yield targets to date, and is on track to meet its very challenging Year 4 targets by the end of March 2015.
Enhanced delivery approach

- Enhanced service to residents over and above the Decent Homes standard.
  - Greater degree of choice and specification when planning their works, particularly around the configuration of kitchens.
  - Extra funding sourced as part of the Energy Company Obligation to carry out ECO works alongside Decent Homes delivery.
  - Enhanced resident consultation including leaseholder-specific pre-meetings and the establishment of all-tenure pre-start meetings and steering groups.
  - Expanded payment term options for qualifying leaseholders and expansion of the THH financial inclusion team.
- We also achieved significant savings on preliminary and procurement costs from dual-funding
Vulnerability, Aids & Adaptations

- **Extra support** for anyone who asks us for it and we actively offer this to people who are vulnerable.
  - 202 – packing & additional visits
  - 82 – day respite, rehousing, daily contact, clearance
  - 77 – medical respite, full decant, liaison with social/healthcare professionals, hoarding/cleaning
- For permanently disabled residents, we adapt homes to residents’ needs - hand rails, grip rails, adapted baths, lowered toilets, and wet room showers.
  - Assessed 1,420 homes and specified works in 983.
  - Started work on 809 homes and completed work on 742.
  - We are yet to start work on 174 homes.
Value for Money

• The five Decent Homes contractors were procured at a good time in the market using a robust pricing model. This has generated significant value for money for the Borough.

<table>
<thead>
<tr>
<th>Element</th>
<th>Year 1+2 Average</th>
<th>Year 3 Average</th>
<th>SAVING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kitchen</td>
<td>£5,572</td>
<td>£3,552</td>
<td>£2,021</td>
</tr>
<tr>
<td>Bathroom</td>
<td>£3,051</td>
<td>£1,782</td>
<td>£1,269</td>
</tr>
<tr>
<td>Separate WC</td>
<td>£1,785</td>
<td>£847</td>
<td>£938</td>
</tr>
<tr>
<td>Boilers</td>
<td>£1,445</td>
<td>£2,492</td>
<td>-£1,047</td>
</tr>
<tr>
<td>Rewires</td>
<td>£2,391</td>
<td>£1,633</td>
<td>£758</td>
</tr>
<tr>
<td>Property total (Spread Cost)</td>
<td>£9,368</td>
<td>£6,582</td>
<td>£2,786</td>
</tr>
</tbody>
</table>

• Total estimated internal saving £6.4M compared to years 1 and 2.
• Negotiating 0% inflation contracts have led to cost savings against the initial budget that could exceed as much as £15m.
• Richardson’s administration in November 2014 was well managed. A settlement agreement avoided potential contract liabilities and allowed THH to retain all retentions. It also allowed THH to reassign all of Richardson’s works without risk.
Year 3 & 4 Delivery
Resident Satisfaction & other KPIs

Industry standard benchmarks predict 80% resident satisfaction.
We’ve done this through active contract management to improve satisfaction. For example, specialist de-snagging staff, and sharpening daily communication.
THH’s internal KPI is for 80% of responses to be Excellent or Good. This is a challenging benchmark that the contractors have not been able to meet.
Core KPIs have been met:
• Internal works duration averages 16.4 days vs target of 20 days
• Fewer than 5% of homes generate Stage 1 complaints
• 38% of labour force lives in LBTH vs target of 30%

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Yrs 3 &amp; 4 satisfaction</th>
<th>Yrs 3 &amp; 4 completions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Axis</td>
<td>77%</td>
<td>1191</td>
</tr>
<tr>
<td>Breyer</td>
<td>80%</td>
<td>1228</td>
</tr>
<tr>
<td>Chigwell</td>
<td>85%</td>
<td>611</td>
</tr>
<tr>
<td>Keepmoat</td>
<td>82%</td>
<td>1559</td>
</tr>
<tr>
<td>Richardson</td>
<td>75%</td>
<td>357</td>
</tr>
</tbody>
</table>
### Year 3 & 4 Delivery
#### Resident satisfaction trajectory

<table>
<thead>
<tr>
<th>Month</th>
<th>Fair + Good + Excellent Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr</td>
<td>75%</td>
</tr>
<tr>
<td>May</td>
<td>81%</td>
</tr>
<tr>
<td>Jun</td>
<td>84%</td>
</tr>
<tr>
<td>Jul</td>
<td>85%</td>
</tr>
<tr>
<td>Aug</td>
<td>82%</td>
</tr>
<tr>
<td>Sep</td>
<td>72%</td>
</tr>
<tr>
<td>Oct</td>
<td>74%</td>
</tr>
<tr>
<td>Nov</td>
<td>76%</td>
</tr>
<tr>
<td>Dec</td>
<td>88%</td>
</tr>
<tr>
<td>Jan</td>
<td>76%</td>
</tr>
</tbody>
</table>

*Note: The graph shows the resident satisfaction trajectory from April 2014 to January 2015.*
Year 3 & 4 Delivery
Example of contract management

Contract recovery plan  Reduced work flow
Governance

LBTH & THH internal governance

- Governance arrangements that allow for escalation of issues and risks, as well as swift dissemination of strategic decision-making.
Decent Homes
Local deliverables

- Investing in the local community:

<table>
<thead>
<tr>
<th>Activity</th>
<th>#</th>
<th>Activity</th>
<th>#</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apprenticeships</td>
<td>132</td>
<td>Career fairs</td>
<td>5</td>
</tr>
<tr>
<td>Work experience</td>
<td>50</td>
<td>Business days and training</td>
<td>34</td>
</tr>
<tr>
<td>Outreach work placements</td>
<td>9</td>
<td>DIY and school training days</td>
<td>23</td>
</tr>
</tbody>
</table>

- Local community centres refurbished: Solander Gardens Community Centre, Locksley Culture Centre, Collingwood Hall, Barleymow Veterans Club, Brewster House, Harkness House, Lister & Treeves TRA Hall, SPLASH Community Centre and Ashington House

- Spending and hiring within the borough:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Target</th>
<th>Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local organisations and sub-contractors</td>
<td>20% of spend</td>
<td>31% of spend</td>
</tr>
<tr>
<td>Workforce live in the borough</td>
<td>30% of workforce</td>
<td>38% of workforce</td>
</tr>
</tbody>
</table>
The Year 5 Bid

- THH and LBTH were successful in their recent bid to secure additional funding.
- With all bidders, the GLA capped its allocation of funding so as to only fund works above a 10% non-Decency level.
- The result was an allocation of £13.2m, against a target yield of 917 homes made Decent.
- The GLA have also published new audit and eligibility guidelines for all boroughs, which are currently being discussed by THH and LBTH to ensure that they are effected in full.
- LBTH internally audited the Decent Home Programme and gave substantial assurance to our financial management practices.
Payment options and 2014/15 Charges

For all Leaseholders
• 5% discount full payment within 28 days of invoice
• 12 months interest free repayment options

Resident Leaseholders only
• £1k – £6k = 5 years to pay including 2 interest free
• £6k+ 5 years to pay including 3 interest free, 10 years under consideration by Council
• £10K cap for exceptional hardship
• Charges on property in extreme hardship cases
• Service charge loans – subject to mortgage interest rate and lease term

1014/15 DH major works charges – Average £17,050
Under £10K 24 Leaseholders
£10K-£15K 485 Leaseholders
£15K-£20K 355 Leaseholders
£20K-£25K 173 Leaseholders
£25K-£30K 98 Leaseholders
£30K-£35K 35 Leaseholders
Tower Hamlets Homes
THH/Mears - Responsive Repairs Contract

- Responsive Repairs contract with Mears - £12m annual budget
  - Covers repairs in tenanted properties, communal areas of blocks and estates, gas breakdowns and works to empty properties prior to re-let
- Entered into Partnering Contract in 2011
  - Currently in 4th year of a 5 year contract, extendable from April 2016 up to a maximum of five additional years.
- Volume of repairs - 56,400 works orders in 2013/14
  - 34,000 repairs within properties, including 7,000 emergency call-outs
  - 12,000 repairs in communal areas
  - 9,600 gas repairs
  - 800 repairs within empty properties
**Tower Hamlets Homes**

**Contract Performance**

- **Performance monitoring**
  - 3 Business Critical Indicators (BCI’s) and 14 Service Critical Indicators (SCI’s) to monitor performance, which is improving:

<table>
<thead>
<tr>
<th>Performance indicator</th>
<th>2014 result</th>
<th>2013 result</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of repairs completed in target</td>
<td>97.9%</td>
<td>95.7%</td>
<td>▲</td>
</tr>
<tr>
<td>% of repairs right first time</td>
<td>94.3%</td>
<td>93.4%</td>
<td>▲</td>
</tr>
<tr>
<td>% of appointments made and kept.</td>
<td>98.2%</td>
<td>97.9%</td>
<td>▲</td>
</tr>
<tr>
<td>% of tenants satisfied with the repair</td>
<td>80.4%</td>
<td>82.3%</td>
<td>▼</td>
</tr>
</tbody>
</table>

- **Benchmarking**
  - We regularly benchmark performance against other housing providers within the borough. During Q2 2014/15:
    - % of properties with gas safety certificate (THH = 100.0%, 1st)
    - routine repairs completed within target (THH = 98.8%, 2nd best)
Joint project between THH and Mears
  • increase customer satisfaction and improve quality of the service.

Keep it simple
  • Easy to access & simple to understand
  • Repair right first time

Tailoring the service
  • Meeting the needs of different groups of residents:
    ▪ Different residents are looking for different things from the service
    ▪ To try to reduce the volume of repairs in some cases
    ▪ Look at low repair demand properties and any impact on the long term condition of the housing stock

Making it happen
  • Re-launch the universal repairs service
    ▪ Introduce Property MOT and ‘Here to Help’ visits
    ▪ Carrying out more planned maintenance work to increase value for money and prevent problems arising in the first place