

Report of: HTS		Title:	
Name of Report	Date of Report	Meeting	Status
Update on Housing Repairs	1 February 2023	Scrutiny Committee Meeting	Information

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Introduction

HTS has been asked to produce a report providing an update on Housing Repairs by the Chair of Scrutiny for the next meeting.

The report covers some of the factors that need to be considered to explain the current situation in Housing Repairs and Roofing.

Economic Climate

Following the UK's exit from Europe and the subsequent covid pandemic the UK economy has been in turmoil for the last 2-3 years.

From recent discussions with industry experts and other similar organisations to HTS, the impact on the Construction industry and Councils/clients has been significant:

- A reduction in skilled staff and the ability to recruit them
- Increase in job vacancies and the ability to fill them as high as 20%
- Increases in salaries to attract staff
- Supply chain struggling with same problems of reduced resources and increased costs
- Increases in disrepair cases
- Negotiated cost of living increases on contracts
- Aging stocks that require more investment
- Increasing demand for repairs and capital investment including Disrepair
- High inflation driving pay and material increases
- Capital budgets increasing to align with cost increases or mothballed completely such as Osler House and Latton Bush Boilers
- Reduction in tenant satisfaction

The impacts are being felt across many organisations across the country and are affecting the delivery of contracts.

Work in Progress (WIP)

The table illustrates the WIP levels at the year-end since the beginning of the contract:

	Feb-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Dec-22
No jobs in WIP	2906	2467	2876	3551	4195	4615	5587

At the onset of the contract HTS inherited 2906 jobs from the JVCo contract and this has been steadily increasing.

Below is an in-depth analysis of the types and number of jobs included in the WIP:

Work Type	WIP
HOUSING AD-HOC	15
BRICKLAYING, PAVING AND LABOUR	146
DISREPAIR	82
GARAGE ROOF REPAIRS	128
AIDS & ADAPTATIONS	34
DAMP REPAIRS UNDER £400	22
CARPENTRY	610
DOOR ENTRY	37
DOUBLE GLAZED UNITS	272
DRAINAGE	18
ELECTRICAL	276
FENCING	589
GARAGES	391
GLAZING	26
GAS BREAKDOWNS	277
LOSS OF INSURANCE	4
PAINTING	32
PLUMBING	478
PLASTERING	436
ROOFING	1,516
UPVC	198
	5,587

Reasons for increases

In March 2020, prior to the covid pandemic, WIP levels where at 3551 jobs. There has been an increase in the proceeding 2 years that can be partly attributed to the following major events:

1) Relief Event

As a result of 3 major storm events HTS submitted a Relief event in February 2022 where an additional 355 fencing jobs and 178 roofing jobs (total 533 jobs) where raised as result of 3 storms in 5 days with an estimated cost of £463K.

HTS has provided a detailed list of the jobs and costings in an effort to gain relief for the KPI's and compensation to carry out the additional works.

The Council are considering what will be the best way to reduce these jobs.

2) Covid backlog

At the beginning of July 2021, when social distancing and other restriction began to be lifted HTS identified 727 jobs that had gone beyond the target and a number of other additional raised jobs that had been on hold and could not be tackled because of restrictions.

Without additional funding to deal with the backlog and ongoing resourcing issues, HTS completed the backlog of jobs created as fast as possible but was this was replaced by an

ever-increasing amount of new jobs as residents felt comfortable contacting us to carry out repairs again that had been put off.

The recovery was hampered by continued absence from front line staff and using built up holiday allowances and has further continued into 2022-23 with the ability to recruit skilled staff becoming increasingly difficult.

3) Increased volumes of repairs

A few examples are listed below:

Double glazed units (DGU) – instead of replacing just one failed HTS have to replace multiple units, as many as 20 on some properties.

Fencing – storms and high winds result in numerous fencing failures often requiring whole runs of fencing rather than individual fence panels

Garage repairs – between 400-600 repair jobs every month

Disrepair – cases of disrepair are increasing and are resource intensive to deliver

Roofing – see following section for more information

These increased number of repairs can partly be attributed to the condition of the stock and investment strategy.

4) Roofing repairs

The levels of WIP in roofing has been a concern for some time and HTS has been struggling to keep up with the demand.

Over the last 2 years we have increased our supply chain, resources and budgets to try and keep pace with the ever-increasing volume of works.

Current WIP as at the end of December 2022 was 1516 Jobs.

Below is summary of the various types of roofing jobs currently in WIP and how this has changed over time.

Description	Number of Outstanding repairs							
	Jul-20	Dec-20	Mar-21	Jan-22	May-22	Sep-22	Oct-22	Nov-22
Guttering	500	542	557	724	521	369	403	673
Roof Tile's	92	101	113	114	134	165	169	185
Water Ingres	45	180	225	257	302	235	316	449
Downpipe	55	51	57	91	144	189	66	247
Shed	45	55	58	82	62	75	78	82
Porch	28	25	32	49	35	40	40	47
Fascia	27	30	33	41	42	50	52	60
Soffit	20	3	16	24	22	29	30	28
Grand Total	812	987	1091	1382	1262	1152	1154	1771

Following analysis of the data a number of conclusions can be drawn:

- WIP has steadily been increasing since June 2020, but records show this started in 2018.
- The average cost of a repair has increased from £412 in 2019 to £925 in March 2022 and £576 in December 2022.
- The WIP of 1516 jobs at the end of December 2022 accounted for 27% of total WIP in repairs
- Unusually high volumes of work in the summer months – 949 new jobs from May to August 2021– 4 months period. In the equivalent period in 2022, 475 jobs were raised, 474 less than same period a year earlier, and even this is high for August.
- A high level of new roofs are being identified whilst carrying out routine repairs. HTS has renewed roofing to 69No properties including 35 pitch tiled roofs and 34 felt roofs in the last year through the Capital Programme and a further circa 60 have been referred to Harlow Council
- HTS are having to spend circa £1500-£2000 to erect scaffolding and apply temporary sheeting whilst waiting for the roof to be renewed meaning less budget is actually available to carry out repairs.

HTS and Harlow Council review the roofing WIP on a regular basis and reports are provided on a monthly basis at the Shared Operational Performance Meeting (SOPM).

To deal with the increased WIP, we have jointly carried out a number of mitigating actions:

- We now have agreed a robust referral process with Harlow Council when a new roof is identified to ensure it can be made water-tight and expediently put into a Capital Programme for renewal.
- HTS has employed an experienced Roofing Team Leader who can manage the process and increased our ability to quickly diagnose and solve complicated roofing leaks.
- Employed an additional Planner to assist with the timely scheduling of roofing jobs and communicate with residents on a regular basis about their repairs.
- Employed additional roofing subcontractors to allow us to allocate multiple jobs during busy periods including a specialist guttering contractor who can clean gutters without the use of scaffolding.
- Analysed the geographical data of the roofing jobs to try to identify hotspots such as Willowfield and Mercers that may require Capital Investment.
- Carry out regular checks of roofs that have had temporary repairs completed prior to major works being carried out.

The situation can be attributed to a number of factors:

- Majority of housing stock roofs are well beyond their economical lifespan being 60-70 years old.
- Not enough Capital Investment in roofing programmes results in more complex and expensive, time-consuming repairs.
- Scaffolding costs have escalated due to multiple and complex repairs required reducing budget available in other areas

- No longer a planned cyclical painting and repairs programme or gutter cleaning programmes that replaced defective guttering and fascia boards.

Additional resources and expenditure have so far not managed to reduce the WIP and it is still increasing.

This is resulting in long waits for repairs to be completed and an increase in complaints from residents.

A longer-term solution is required to deal with this issue. The condition and age of the roofing stock in Harlow has deteriorated over time and this is totally distorting the requirements of the ASC which is reliant on Capital Expenditure to minimise the size and cost of roofing repairs.

Obstacles

The above points deal with the some of the significant events that have led to increases in WIP, but there are other matters that are having an impact on being able to reduce or progress repairs as follows:

1) Budgets and Indexation to the Annual Service Charge (ASC)

The ASC has traded at a loss for the years to March 2021 and 2022 and is forecast to make a loss of £361k to March 2023.

The main reason for these losses are the reduction in real value of the ASC revenue and very high inflationary cost increases outside of the control of HTS.

Due to the contractual indexation of BCIS not being applied the last two years the ASC has effectively changed as follows:

- Reduced ASC Uplift 21/22 £3.265m
- Reduced ASC Uplift 22/23 £1.967m

In all this equates to a reduction of £5.232m in total.

To date over £9m has been returned to HDC in either the above manner or by rebates and management charges.

The 2022-23 ASC uplift did not cover the significant inflationary rises incurred by HTS and the industry generally.

It should be noted that in relation to the wage costs alone, the shortfall caused by the real term reduction of the ASC for 2022-23 cost the company over £587k being the difference between the 3% increase in ASC received against the actual inflation of wage costs.

- The ASC uplift for the year was 3%
- The actual Wages increase 7.5% on average was due to National Agreement.

The wage increase was one of a number significant increases that HTS incurred during the last 2 years including large increases in fuel costs of 94% and a 35% increase in

materials so far this year. Due to changes in legislation HTS could no longer use red diesel to fuel its green fleet.

This real terms reduction has seriously limited HTS ability to effectively deal with the challenging economical times and reduce the backlog in repairs.

2) Cost of Repairs

The cost, complexity and duration of repairs is having an impact on the WIP.

The average cost of a repair at the end of March 2022, based upon NHFM SOR v5.1, was £382 per job and this has reduced slightly to £299 by December 2022, which is still high for a repair.

By its nature a responsive repair should be a minimal amount of work, normally one task or trade and allow the operative to carry out a number of jobs per day.

When repairs become larger, they take longer to complete meaning less jobs are completed every day, thus increasing the WIP. They could involve multiple trades and more expensive materials.

These larger value jobs will have a massive impact on the resources available to carry out the true responsive jobs that inevitably build up whilst operatives spend longer time on one job.

3) IT Review

HTS is currently in the process of carrying out a review and evaluation of the repairs IT system and will need to implement an action plan to address any gaps or deficiencies in the current system that will assist us in being more productive and as efficient as possible.

Deliverables

- The system must allow HTS to maximise operative productivity, through dynamic scheduling to minimise non-productive/downtime and to monitor and manage individual operative performance
- Provide integration with key Council IT systems to provide visibility and enable end to end repairs and improvement management and monitoring
- Improve the reporting functionality to enable HTS to manage repairs operatives, works order completion, costs and job quality across a range of KPIs and management indicators, including standard industry indicators including cost per repair, cost per property, average time to complete orders, right first time, completed at first visit, appointments made and kept.

The current system inherited from the previous JVCo arrangement, whilst sufficient to run the contract does not meet the higher standards of more modern systems.

HTS is currently in the process of developing a procurement document to go to the open market to procure a new system.

Action being taken

- Implement improvements recommended by Plan B including consideration of additional funds to clear backlogs down to manageable levels
- Implement IT improvements that will improve productivity levels and provide more transparency and visibility of the service being delivered
- Improve and streamline recruitment process to fill vacancies
- Continue with cultural change and delivery of people strategy to improve staff satisfaction and reduce sickness levels
- Review the Councils current Repairs Policy to determine what is affordable
- Utilise data analysis to help determine repairs demand
- Finalise budget discussions with Harlow Council to make sure budgets are realistic and deliver the demands of the service
- Recognition from HTS that service improvements are essential to deliver efficiencies
- Work on growth plans to provide additional profits and efficiencies

Summary

A number of consecutive events have had a significant impact on the ASC and continue to cause budgetary pressures and high levels of WIP in certain areas.

Some of the issues such as the Roofing WIP, Relief Event and IT software need joint solutions between Harlow Council and HTS, including funding and resourcing.

Additional services such as EICR testing and Landlords Lighting are being planned to be moved to the ASC in 2023/24 by the Council and budgets will be stretched further.

